Basel Committee
on Banking Supervision

Basel III Monitoring Report

September 2015

BANK FOR INTERNATIONAL SETTLEMENTS

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Annexes

Conventions used in this report

billion thousand million
trillion thousand billion

Group 1 banks are those that have Tier 1 capital of more than €3 billion and are internationally active. All other banks are considered Group 2 banks.

Components may not sum to totals because of rounding.

The term "country" as used in this publication also covers territorial entities that are not states as understood by international law and practice but for which data are separately and independently maintained.

All data, including for previous reporting dates, reflect revisions received up to 28 August 2015 with the exception of Table A.20, which was revised on 21 September 2015.

Quantitative Impact Study Working Group
of the Basel Committee on Banking Supervision

Chairman	Mr Martin Birn, Secretariat of the Basel Committee on Banking Supervision, Bank for International Settlements, Basel

The representatives in *italics* are members of the analysis team and provided analytical support at the Secretariat.

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Highlights of the Basel III monitoring exercise as of 31 December 2014

All large internationally active banks meet Basel III risk-based minimum and CET1 target capital requirements

To assess the impact of the Basel III framework on banks,[1] the Basel Committee on Banking Supervision monitors the effects and dynamics of the reforms. For this purpose, a semiannual monitoring framework has been set up on the risk-based capital ratio, the leverage ratio and the liquidity metrics using data collected by national supervisors on a representative sample of institutions in each country. This report is the eighth publication of results from the Basel III monitoring exercise[2] and summarises the aggregate results using data as of 31 December 2014. The Committee believes that the information contained in the report will provide relevant stakeholders with a useful benchmark for analysis.

Information considered for this report was obtained by voluntary and confidential data submissions from individual banks and their national supervisors. Data were provided for a total of 221 banks, including 100 large internationally active ("Group 1") banks and 121 other ("Group 2") banks.[3] Members' coverage of their banking sector is very high for Group 1 banks, reaching 100% coverage for some countries, while coverage is lower for Group 2 banks and varies by country.

In general, this report does not take into account any transitional arrangements such as phase-in of deductions and grandfathering arrangements. Rather, the estimates presented generally assume full implementation of the final Basel III requirements based on data as of 31 December 2014. No assumptions have been made about banks' profitability or behavioural responses, such as changes in bank capital or balance sheet composition, either since this date or in the future. For this reason, the results are not comparable with current industry estimates, which tend to be based on forecasts and consider management actions to mitigate the impact, and they also incorporate estimates where information is not publicly available.

1 Basel Committee on Banking Supervision, *Basel III: A global framework for more resilient banks and the banking system*, December 2010 and revised June 2011; Basel Committee on Banking Supervision, *Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools*, January 2013; Basel Committee on Banking Supervision, *Basel III: the net stable funding ratio,* October 2014, www.bis.org/bcbs/publ/d295.htm. These documents are available on the Committee's website at www.bis.org/bcbs/basel3.htm.

2 A list of previous publications is included in the Annex.

3 Group 1 banks are those that have Tier 1 capital of more than €3 billion and are internationally active. All other banks are considered Group 2 banks. Not all banks provided data relating to all parts of the Basel III framework.

Risk-based capital requirements

In the analysis of the risk-based capital requirements, this report focuses on the following items, assuming that the positions as of 31 December 2014 were subject to the fully phased-in Basel III standards:

- Changes to bank capital ratios under the Basel III requirements, and estimates of any capital deficiencies relative to fully phased-in minimum and target capital requirements (including capital surcharges for global systemically important banks – G-SIBs);
- Changes to the definition of capital that result from the full phasing-in of the Basel III capital standard, referred to as common equity Tier 1 (CET1), including a reallocation of deductions to CET1, and changes to the eligibility criteria for additional Tier 1 and Tier 2 capital; and
- Increases in risk-weighted assets resulting from phasing-in changes to the definition of capital.

Capital ratios

Compared with the transitional Basel III framework (labelled "current" in previous reports), the average CET1 ratio under the fully phased-in Basel III framework[4] would decline from 11.7% to 11.1% for Group 1 banks. The Tier 1 capital ratios of Group 1 banks would decline on average from 12.8% to 11.7% and total capital ratios would decline from 15.5% to 13.3%. For Group 2 banks, the decline in capital ratios is slightly less pronounced than for Group 1. Assuming full phasing-in of Basel III, the aggregate CET1 ratio would decline from 12.8% to 12.3% and Tier 1 capital ratios would decline on average from 13.4% to 12.6%. Total capital ratios would decline more significantly on average from 15.8% to 14.0% due to the phase-out of Tier 2 instruments which will no longer be eligible in 2022.

Capital shortfalls

Assuming full phasing-in of the Basel III requirements as of 31 December 2014, including changes to the definition of capital and risk-weighted assets, all Group 1 banks would meet the CET1 minimum capital requirement of 4.5% and the CET1 target level of 7.0% (ie including the capital conservation buffer); this target also includes the G-SIB surcharge according to the list of banks published by the Financial Stability Board in November 2014 where applicable.[5] The aggregate CET1 target level shortfall for Group 1 banks has decreased by €3.9 billion to zero since the prior period.[6] As a point of reference, the sum of profits after tax prior to distributions across the same sample of Group 1 banks for the six-month period ending 31 December 2014 was €228.1 billion.

Under the same assumptions, all Group 2 banks would meet the CET1 minimum capital requirement of 4.5%; however, the capital is estimated at €1.5 billion for a CET1 target level of 7.0%.

[4] See Section 1.1 for details on the scope of the exercise.

[5] See Financial Stability Board, *2014 update of list of global systemically important banks (G-SIBs)*, 6 November 2014, www.financialstabilityboard.org/wp-content/uploads/r_141106b.pdf.

[6] The December 2014 shortfall figures have been adjusted to reflect changes in currency values through 31 December 2014.

Leverage ratio

The average transitional Basel III Tier 1 leverage ratios (ie reflecting all applicable transitional arrangements to the definition of capital) would be 5.5% for Group 1 banks and for G-SIBs 5.3%, while it would amount to 5.6% for Group 2 banks. The average fully phased-in Basel III Tier 1 leverage ratios are 5.0% for Group 1 banks and 4.9% for G-SIBs, while for Group 2 banks the average is 5.3%. Ten banks, including three out of 98 Group 1 banks with an aggregate shortfall of €3.1 billion and seven out of 100 Group 2 banks with an aggregate shortfall of €4.3 billion, would not meet a fully phased-in minimum Basel III leverage ratio of 3%.

Combined shortfall amounts

This Basel III monitoring report also analyses the combined shortfall amounts needed to meet both risk-based capital and any applicable Tier 1 leverage ratio requirements (see Section 2.7).

For Group 1 banks, the inclusion of the fully phased-in Basel III leverage ratio shortfall raises the additional Tier 1 capital shortfall at the minimum level from zero to €3.1 billion. At the target level, the additional Tier 1 capital shortfall rises by €1.6 billion (from €6.5 billion to €8.1 billion) when the Basel III leverage ratio requirement is included. In turn, this inclusion of applicable Basel III leverage ratio shortfalls increases the total capital shortfall from zero to €3.1 billion considering all capital ratio minimums and by €1.6 billion (from €47.2 billion to €48.8 billion) at the target level. Around 80% of this €1.6 billion increase is attributable to G-SIBs within the Group 1 sample (up €1.3 billion from €34.1 billion to €35.4 billion).

With regard to Group 2 banks, the inclusion of applicable Basel III leverage ratio shortfalls raises total capital shortfalls at the target level by €2.6 billion (from €12.9 billion to €15.5 billion).

Liquidity standards

Liquidity Coverage Ratio

The Liquidity Coverage Ratio (LCR) was revised by the Committee in January 2013[7] and came into effect on 1 January 2015. The minimum requirement is initially set at 60% for 2015 and will then rise in equal annual steps of 10 percentage points to reach 100% in 2019. The end-December 2014 reporting period was the fifth data collection exercise for which a comprehensive calculation of the revised LCR standard could be conducted. Key observations from a comparison of current period to previous period results include:

- A total of 95 Group 1 and 105 Group 2 banks participated in the LCR monitoring exercise for the end-December 2014 reference period.
- The average LCR for the Group 1 bank sample was 125.3%. For Group 2 banks, the average LCR was 143.7%. These figures compare to average LCRs of 121.3% and 140.1% for Group 1 banks and Group 2 banks, respectively, as of June 2014.

[7] Basel Committee on Banking Supervision, *Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools, January 2013*, www.bis.org/publ/bcbs238.htm.

- Of the 200 banks in the LCR sample, 85% reported a ratio that met or exceeded a 100% minimum requirement, compared with 77% as of June 2014, while 98% of the banks reported an LCR at or above a 60% minimum requirement, compared with 96% as of June 2014.[8]
- The aggregate LCR shortfall at a minimum requirement of 100% was €147 billion, which represents approximately 0.2% of the €62 trillion in total assets of the aggregate sample. The aggregate LCR shortfall at a minimum requirement of 60% was €70 billion (little over 0.1% of bank assets). These results compare to shortfalls of €305 billion and €155 billion, respectively, as of 30 June 2014.

Net Stable Funding Ratio

The Net Stable Funding Ratio (NSFR) was revised by the Committee in October 2014.[9] The end-December 2014 reporting period was the first data collection exercise for which a comprehensive calculation of the revised NSFR standard could be conducted. As such, comparisons to previous reporting periods are not available for this collection exercise. Key observations from the current period results include:

- A total of 97 Group 1 and 104 Group 2 banks participated in the NSFR monitoring exercise for the end-December 2014 reference period.
- The weighted average NSFR for the Group 1 bank sample was 111.2% while for Group 2 banks the average NSFR was 113.8%.
- 75% of Group 1 banks and 85% of Group 2 banks meet or exceed the 100% minimum NSFR requirement, with 92% of Group 1 banks and 93% of Group 2 banks at an NSFR of 90% or higher as of end-December 2014.
- The aggregate NSFR shortfall – which reflects the aggregate shortfall for banks that are below the 100% NSFR requirement and does not reflect any surplus stable funding at banks above the 100% requirement – was €576 billion at the end of December 2014 (€526 billion for Group 1 banks and €51 billion for Group 2 banks).

The NSFR, including any potential revisions, will become a minimum standard by 1 January 2018.

8 All banks in the sample which are or will be subject to the LCR requirement have either already reached compliance since the reporting date or are expected to be compliant by the relevant national implementation date.

9 Basel Committee on Banking Supervision, *Basel III: The Net Stable Funding Ratio, October 2014,* www.bis.org/bcbs/publ/d295.htm.

Detailed results of the Basel III monitoring exercise as of 31 December 2014

1. General remarks

At its 12 September 2010 meeting, the Group of Governors and Heads of Supervision (GHOS), the oversight body of the Basel Committee on Banking Supervision, announced a substantial strengthening of existing capital requirements and fully endorsed the agreements it had reached on 26 July 2010.[1] These capital reforms, together with the introduction of two international liquidity standards, responded to the core of the global financial reform agenda presented to the Seoul G20 Leaders summit in November 2010. Subsequent to the initial comprehensive quantitative impact study published in December 2010, the Committee continues to monitor and evaluate the impact of these capital, leverage and liquidity requirements (collectively referred to as "Basel III") on a semiannual basis.[2] This report summarises the results of the latest Basel III monitoring exercise using 31 December 2014 data.[3]

1.1 Scope of the monitoring exercise

All but one of the 27 Committee member countries participated in the Basel III monitoring exercise as of 31 December 2014. The estimates presented are based on data submitted by the participating banks and their national supervisors in reporting questionnaires and in accordance with the instructions prepared by the Committee in January 2015.[4] The questionnaire covered components of eligible capital, the calculation of risk-weighted assets (RWA), the calculation of a leverage ratio and components of the liquidity metrics. The final data were submitted to the Secretariat of the Committee by 28 August 2015.

The purpose of the exercise is to provide the Committee with an ongoing assessment of the impact on participating banks of the capital and liquidity standards set out in the following documents:

1 See the 26 July 2010 press release "The Group of Governors and Heads of Supervision reach broad agreement on Basel Committee capital and liquidity reform package", www.bis.org/press/p100726.htm, and the 12 September 2010 press release "Group of Governors and Heads of Supervision announces higher global minimum capital standards", www.bis.org/press/p100912.htm.

2 A list of previous publications is included in the Annex.

3 The data for Japan are as of the end of September 2014, as banks in that country report on a biannual basis as of the end of March and the end of September to correspond to the fiscal year-end period. Further, the data for Canada reflect a reporting date of 31 October 2014, which corresponds to Canadian banks' fiscal second quarter-end.

4 See Basel Committee on Banking Supervision, *Instructions for Basel III implementation monitoring*, January 2015, www.bis.org/bcbs/qis/.

- *Revisions to the Basel II market risk framework*[5] and *Guidelines for computing capital for incremental risk in the trading book*;[6]
- *Enhancements to the Basel II framework*[7] which include the revised risk weights for re-securitisations held in the banking book;
- *Basel III: A global framework for more resilient banks and the banking system* as well as the Committee's 13 January 2011 press release on loss absorbency at the point of non-viability;[8]
- *Capital requirements for bank exposures to central counterparties*;[9]
- *Global systemically important banks: updated assessment methodology and the additional loss absorbency requirement* as well as the updated list of G-SIBs published by the Financial Stability Board in November 2014;[10]
- *Basel III: the Liquidity Coverage Ratio and liquidity risk monitoring tools;*[11]
- *Basel III: the net stable funding ratio;*[12] *and*
- *Basel III leverage ratio framework and disclosure requirements.*[13]

1.2 Sample of participating banks

Data were provided for a total of 221 banks, including 100 Group 1 banks and 121 Group 2 banks.[14] Group 1 banks are those that have Tier 1 capital of more than €3 billion and are internationally active. All other banks are considered Group 2 banks. Banks were asked to provide data at the consolidated level as of 31 December 2014. Subsidiaries are not included in the analyses to avoid double-counting. For Group 1 banks, members' coverage of their banking sector was very high, reaching 100% coverage for some countries. Coverage for Group 2 banks was lower, and varied across countries.

For a small number of banks data relating to some parts of the Basel III framework were unavailable. Accordingly, these banks are excluded from individual sections of the Basel III monitoring analysis due to incomplete data. In certain sections, data are based on a consistent sample of banks. This consistent sample represents only those banks that reported necessary data at the June 2011 (labelled

5 Basel Committee on Banking Supervision, *Revisions to the Basel II market risk framework*, July 2009, www.bis.org/publ/bcbs158.htm.

6 Basel Committee on Banking Supervision, *Guidelines for computing capital for incremental risk in the trading book*, July 2009, www.bis.org/publ/bcbs159.htm.

7 Basel Committee on Banking Supervision, *Enhancements to the Basel II framework*, July 2009, www.bis.org/publ/bcbs157.htm.

8 The Committee's 13 January 2011 press release on loss absorbency at the point of non-viability is available at www.bis.org/press/p110113.htm.

9 Basel Committee on Banking Supervision, *Capital requirements for bank exposures to central counterparties*, July 2012, www.bis.org/publ/bcbs227.htm.

10 Basel Committee on Banking Supervision, *Global systemically important banks: updated assessment methodology and the additional loss absorbency requirement*, July 2013, www.bis.org/publ/bcbs255.htm; Financial Stability Board, *2014 update of list of global systemically important banks (G-SIBs)*, 6 November 2014, www.financialstabilityboard.org/wp-content/uploads/r_141106b.pdf.

11 Basel Committee on Banking Supervision, *Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools*, January 2013, www.bis.org/publ/bcbs238.htm.

12 Basel Committee on Banking Supervision, *Basel III: the net stable funding ratio*, October 2014, www.bis.org/bcbs/publ/d295.htm.

13 Basel Committee on Banking Supervision, *Basel III leverage ratio framework and disclosure requirements*, January 2014, www.bis.org/publ/bcbs270.htm.

14 See Table A.1 in the Statistical Annex for details on the sample.

"H1 2011"), December 2011 ("H2 2011"), June 2012 ("H1 2012"), December 2012 ("H2 2012"), June 2013 ("H1 2013"), December 2013 ("H2 2013"), June 2014 ("H1 2014") and December 2014 ("H2 2014") reporting dates, in order to make more meaningful period-to-period comparisons. Unless noted otherwise, the consistent sample includes 91 Group 1 banks, of which 30 are G-SIBs, and 73 Group 2 banks. The 30 banks in the G-SIB time series analyses are those banks which have been classified as G-SIBs as of November 2014, irrespective of whether they have also been classified as G-SIBs previously.

The Committee appreciates the significant efforts contributed by both banks and national supervisors to this ongoing data collection exercise.

1.3 Methodology

Unless otherwise noted, the impact assessment was carried out by comparing banks' capital positions under fully phased-in Basel III to the transitional Basel III framework as implemented by the national supervisor (ie with phase-in arrangements, labelled "current" in previous reports). The fully phased-in Basel III results are calculated without considering transitional arrangements pertaining to the phase-in of deductions and grandfathering arrangements set out in the Basel III framework. However, banks in some countries had difficulties providing fully phased-in Basel III capital amounts; in such cases, the capital amounts according to the fully phased-in *national implementation* of the Basel III framework was used instead.

Reported average amounts in this document have been calculated by creating a composite bank at a total sample level, which effectively means that the total sample averages are weighted. For example, the average common equity Tier 1 capital ratio is the sum of all banks' common equity Tier 1 (CET1) capital for the total sample divided by the sum of all banks' risk-weighted assets for the total sample. Similarly, the average fully phased-in Basel III Tier 1 leverage ratio is the sum of all banks' fully phased-in Tier 1 capital for the total sample divided by the sum of all banks' Basel III leverage ratio exposures for the total sample.

To preserve confidentiality, many of the results shown in this report are presented using box plot charts. The median value is represented by a horizontal line, with 50% of the values falling in the range shown by the box. The upper and lower end points of the thin vertical lines show the range of the entire sample unless noted otherwise.

1.4 Data quality

For this monitoring exercise, participating banks submitted comprehensive and detailed non-public data on a voluntary and best-efforts basis. As with the previous studies, national supervisors worked extensively with banks to ensure data quality, completeness, and consistency with the published reporting instructions. Banks are included in the various analyses below only to the extent that they were able to provide data of sufficient quality to complete the analyses.

1.5 Interpretation of results

The following caveats apply to the interpretation of results shown in this report:

- When comparing results to prior reports, sample differences as well as minor revisions to data from previous periods need to be taken into account. One bank which now meets the criteria for a Group 1 bank has been reclassified from Group 2 for all reporting periods; this means that the bank is now included in the Group 1 bank sample for the whole time series. Sample differences and data revisions also explain why results presented for the December 2014 reporting date may differ from the H2 2014 data point in graphs and tables showing the time series for the consistent sample of banks as described above.

- The actual impact of the new requirements will almost certainly be less than shown in this report given the phased-in implementation of the standards and interim adjustments made by the banking sector to changing economic conditions and the regulatory environment. For example, the results do not consider bank profitability, changes in capital or portfolio composition, or other management responses to the policy changes since 31 December 2014 or in the future. For this reason, the results are not comparable to industry estimates, which tend to be based on forecasts and consider management actions to mitigate the impact, as well as incorporate estimates where information is not publicly available.
- The Basel III capital amounts shown in this report assume that all common equity deductions are fully phased in and all non-qualifying capital instruments are fully phased out (ie it is assumed that none of these capital instruments will be replaced by eligible instruments). As such, these amounts underestimate the amount of Tier 1 capital and Tier 2 capital held by a bank as they do not give any recognition for non-qualifying instruments that will actually be phased out over seven years.
- The treatment of deductions and non-qualifying capital instruments also affects figures reported in the section on the Basel III leverage ratio. The assumption that none of these capital instruments will be replaced by eligible instruments will become less of an issue as the implementation date of the Basel III leverage ratio nears.

2. Regulatory capital, capital requirements and capital shortfalls

Table 1 shows the aggregate capital ratios under the transitional and fully phased-in Basel III frameworks and the capital shortfalls if Basel III were fully phased-in ("view 2022"), both for the definition of capital and the calculation of risk-weighted assets, as of December 2014. Details of capital ratios and capital shortfalls are provided in Sections 2.1 and 2.2.

The Basel III framework includes the following phase-in provisions for capital ratios:

- For CET1, the highest form of loss-absorbing capital, the minimum requirement was raised to 4.5% and was phased in on 1 January 2015;
- For Tier 1 capital, the minimum requirement was raised to 6.0% and was phased in on 1 January 2015;
- For total capital, the minimum requirement remains at 8.0%;
- Regulatory adjustments (ie possibly stricter sets of deductions that apply under Basel III) will be fully phased in by 1 January 2018;
- An additional 2.5% capital conservation buffer above the regulatory minimum capital ratios, which must be met with CET1, will be phased in by 1 January 2019; and
- The additional loss absorbency requirement for G-SIBs, which ranges from 1.0% to 3.5%, will be fully phased in by 1 January 2019. It will be applied as the extension of the capital conservation buffer and must be met with CET1.

The Annex includes a detailed overview of the Basel Committee's phase-in arrangements.

Aggregate capital ratios and (incremental) capital shortfalls

Table 1

	Fully implemented requirement, in per cent		Basel III capital ratios, in per cent		Risk-based capital shortfalls, in billions of euros[1]		Combined risk-based capital and leverage ratio shortfalls, in billions of euros[1]	
	Min	Target[2]	Transitional	Fully phased-in	Min	Target[2]	Min	Target[2]
Group 1 banks								
CET1 capital	4.5	7.0	11.7	11.1	0.0	0.0	0.0	0.0
Tier 1 capital[3]	6.0	8.5	12.8	11.7	0.0	6.5	3.1	8.1
Total capital[4]	8.0	10.5	15.5	13.3	0.0	40.6	0.0	40.6
Sum					0.0	47.2	3.1	48.8
Of which: G-SIBs								
CET1 capital	4.5	8.0–9.5	11.5	10.8	0.0	0.0	0.0	0.0
Tier 1 capital[3]	6.0	9.5–11.0	12.6	11.6	0.0	3.8	2.7	5.0
Total capital[4]	8.0	11.5–13.0	15.2	13.1	0.0	30.4	0.0	30.4
Sum					0.0	34.1	2.7	35.4
Group 2 banks								
CET1 capital	4.5	7.0	12.8	12.3	0.0	1.5	0.0	1.5
Tier 1 capital[3]	6.0	8.5	13.4	12.6	0.4	5.9	4.3	8.4
Total capital[4]	8.0	10.5	15.8	14.0	1.8	5.5	1.8	5.5
Sum					2.2	12.9	6.2	15.5

[1] The shortfall is calculated as the sum across individual banks where a shortfall is observed. The calculation includes all changes to risk-weighted assets (eg definition of capital, counterparty credit risk, trading book and securitisation in the banking book). The Tier 1 and total capital shortfalls are incremental assuming that the higher-tier capital requirements are fully met. [2] The shortfalls at the target level include the capital conservation buffer and the capital surcharges for 30 G-SIBs as applicable. [3] The shortfalls presented in the Tier 1 capital row are *additional* Tier 1 capital shortfalls. [4] The shortfalls presented in the total capital row are *Tier 2* capital shortfalls.

Source: Basel Committee on Banking Supervision.

2.1 Capital ratios

As compared with transitional CET1, the average CET1 capital ratio of Group 1 banks would have fallen from 11.7% to 11.1% (a reduction of 0.6 percentage points) when Basel III deductions and risk-weighted assets are fully taken into account. For Group 2 banks, the CET1 capital ratio declines from 12.8% under transitional rules to 12.3% as a result of the full phasing-in of Basel III (a reduction of 0.5 percentage points). Results continue to show significant variation across banks as shown in Graph 1 for the transitional Basel III rules and Graph 2 for fully phased-in Basel III. The reduction in CET1 ratios is driven by the *full* application of the new definition of eligible capital instruments, deductions that were not previously applied at the common equity level of Tier 1 capital in most countries (numerator),[15] and by increases in risk-weighted assets (denominator). Since all countries in the sample have already implemented Basel III as of end-December 2014 the overall change in RWA is very limited and mainly due to different national phase-in plans.

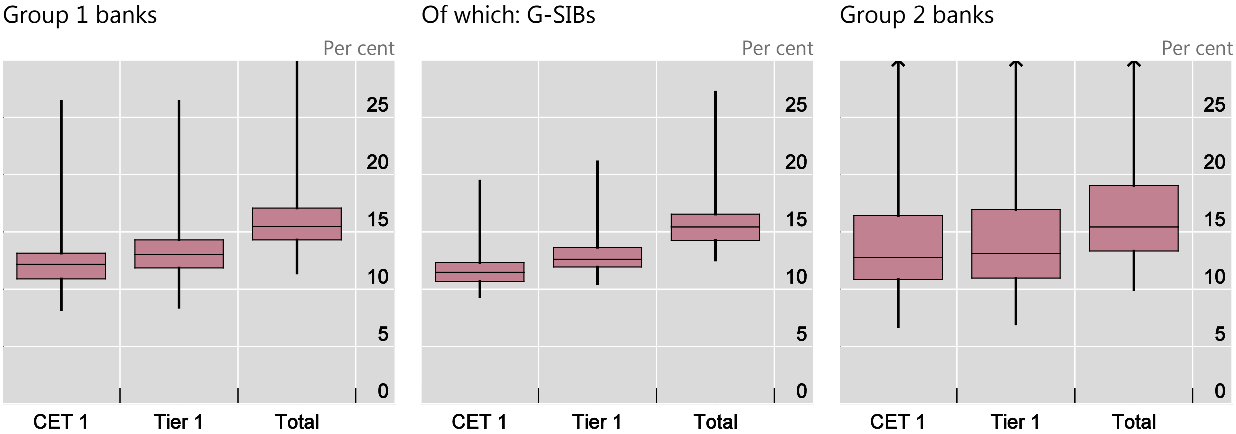
Tier 1 capital ratios of Group 1 banks would on average decline 1.1 percentage points from 12.8% to 11.7%, and total capital ratios of this same group would decline on average by 2.2 percentage

[15] See also Table A.12 and Table A.13.

points from 15.5% to 13.3%. Group 2 banks show somewhat more moderate declines in Tier 1 capital ratios (from 13.4% to 12.6%) and total capital ratios (from 15.8% to 14.0%). The stronger decline of total capital ratios is caused by the phase-out of Tier 2 instruments which will no longer be eligible in 2022.

Transitional Basel III CET1, Tier 1 and total capital ratios

Graph 1

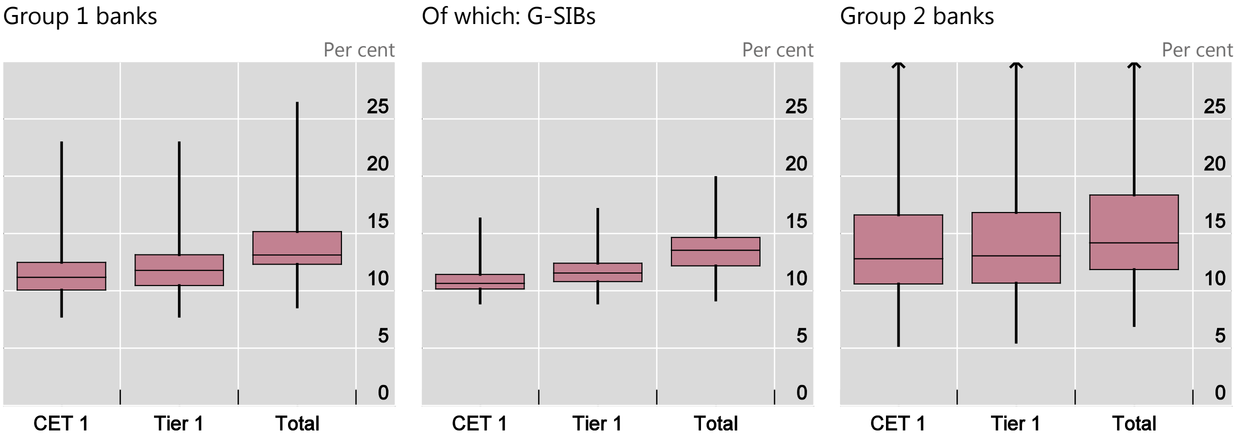


[1] The median value is represented by a horizontal line, with 50% of the values falling in the range shown by the box. The upper and lower end points of the vertical lines generally show the range of the entire sample. In some cases, arrows at the top of the vertical line indicate banks with capital ratios outside the range shown in the graph.

Source: Basel Committee on Banking Supervision. See also Table A.2.

Fully phased-in Basel III CET1, Tier 1 and total capital ratios

Graph 2

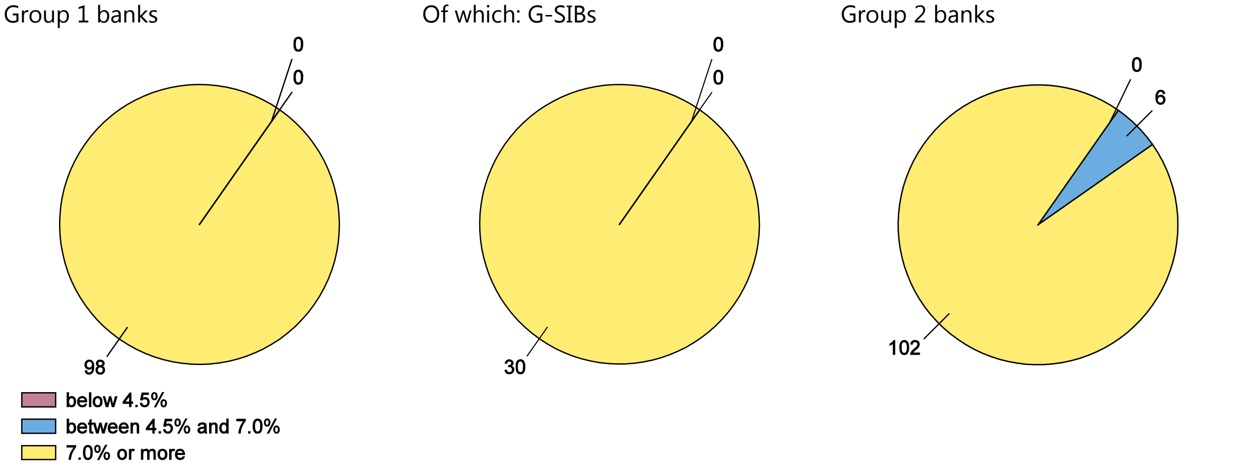


[1] The median value is represented by a horizontal line, with 50% of the values falling in the range shown by the box. The upper and lower end points of the vertical lines generally show the range of the entire sample. In some cases, arrows at the top of the vertical line indicate banks with capital ratios outside the range shown in the graph.

Source: Basel Committee on Banking Supervision. See also Table A.3.

Graph 3 shows that, out of the 98 banks in the Group 1 sample, all show a CET1 ratio under fully phased-in Basel III that is above both the 4.5% minimum capital requirement and the 7.0% target ratio (ie the minimum capital requirement plus the capital conservation buffer). Of the 108 banks in the Group 2 sample, all report a CET1 ratio equal to or higher than 4.5%, while 94% also achieve the target of 7.0%.

Distribution of fully phased-in Basel III CET1 ratios | Graph 3

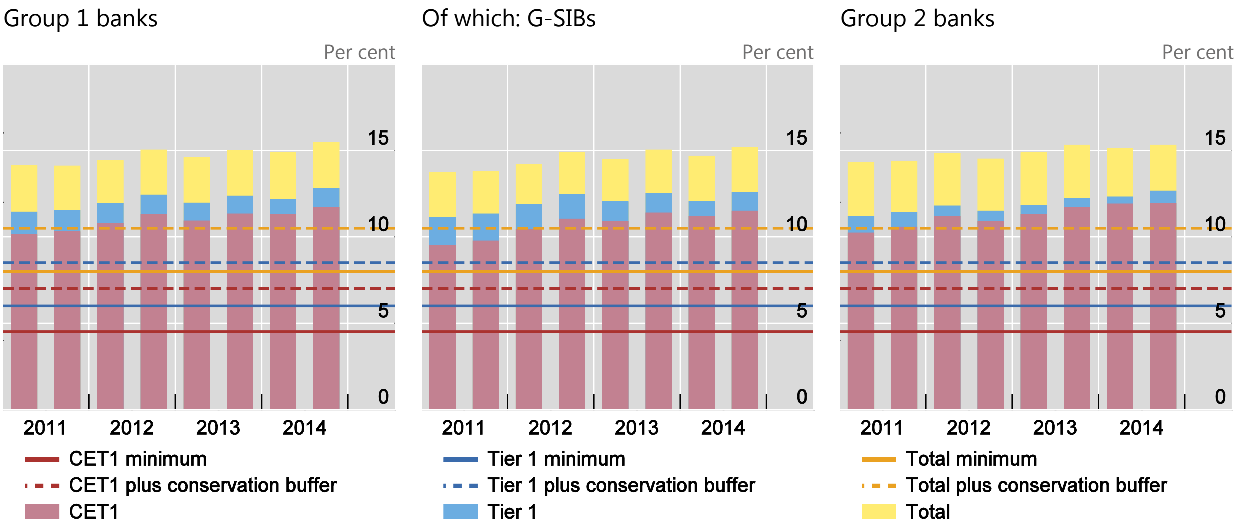


Source: Basel Committee on Banking Supervision.

Graph 4 below shows the average capital ratios under transitional Basel III rules for a consistent sample of Group 1 and Group 2 banks for the periods end-June 2011, end-December 2011, end-June 2012, end-December 2012, end-June 2013, end-December 2013, end-June 2014 and end-December 2014. Transitional capital ratios have not changed greatly.

Average transitional Basel III CET1, Tier 1 and total capital ratios[1]

Consistent sample of banks | Graph 4



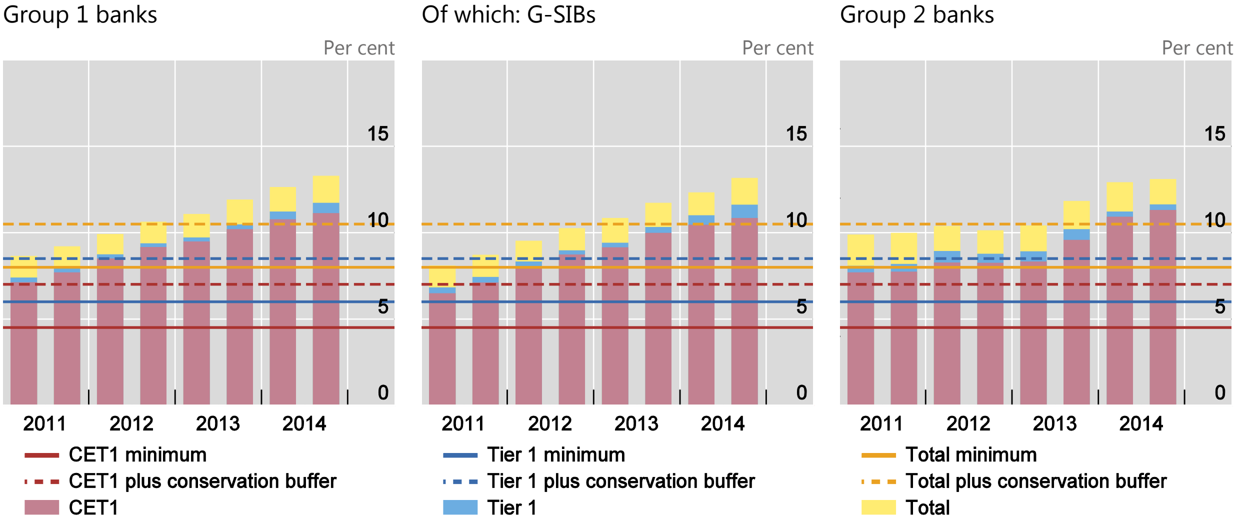
1 Before the implementation of the Basel III framework, results have been calculated on the basis of the relevant national regulatory frameworks in place at the reporting dates.

Source: Basel Committee on Banking Supervision. See also Table A.4.

After full phasing in of Basel III (Graph 5), the CET1, Tier 1 and total capital ratios for this consistent sample of Group 1 banks improved by 0.3, 0.5 and 0.7 percentage points, respectively, over the previous six months. For Group 2 banks, the improvement in risk-based capital ratios over the reporting period was 0.4, 0.4 and 0.2 percentage points, respectively. The general improvement in fully phased-in Basel III capital ratios for both groups is due to Basel III-eligible capital added and, to a lesser extent, lower levels of deductions that reduce CET1, in spite of slightly higher overall risk-weighted assets.

Average fully phased-in Basel III CET1, Tier 1 and total capital ratios

Consistent sample of banks Graph 5



Source: Basel Committee on Banking Supervision. See also Table A.5.

2.2 Capital shortfalls

This section shows the capital shortfalls for the Group 1 and Group 2 bank samples assuming full phasing in of the Basel III requirements based on data as of 31 December 2014 and disregarding transitional arrangements. The shortfalls presented are measured against different minimum capital ratio requirements (ie 4.5% CET1, 6.0% Tier 1 and 8.0% total capital) as well as against the *target* level, which includes the 2.5% capital conservation buffer and capital surcharges for 30 G-SIBs as applicable.

Graph 6 and Graph 7 below as well as Table 1 above provide estimates of the amount of capital that Group 1 and Group 2 banks would need based on data as of 31 December 2014 in addition to capital already held at the reporting date, in order to meet the target CET1, Tier 1 and total capital ratios under Basel III assuming fully phased-in requirements and deductions. Under these assumptions, there is no CET1 capital shortfall for Group 1 or Group 2 banks with respect to the 4.5% CET1 minimum requirement. For a CET1 target of 7.0% (ie the 4.5% CET1 minimum plus the 2.5% capital conservation buffer) plus any capital surcharge for Group 1 G-SIBs as applicable according to the updated list of banks published by the Financial Stability Board in November 2014, the Group 1 banks also have no shortfall, and the shortfall for Group 2 banks is €1.5 billion. As a point of reference, the aggregate sum of after-tax profits prior to distributions for the six-month period ending 31 December 2014 for Group 1 and Group 2 banks was €228.1 billion and €2.7 billion, respectively.

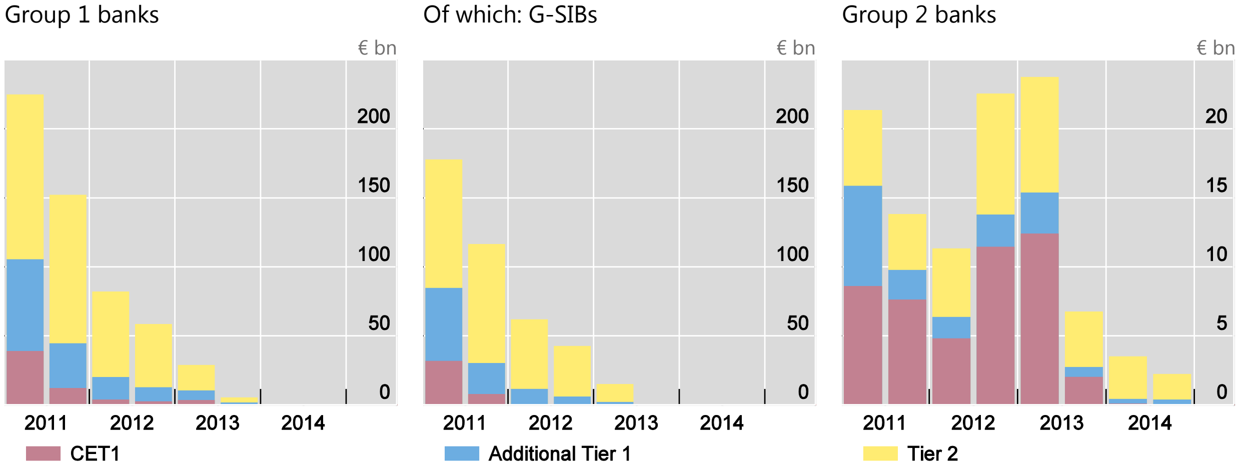
Group 1 banks would not need additional Tier 1 or CET1 capital to meet the minimum Tier 1 capital ratio requirement of 6.0%. Assuming banks already hold 7.0% CET1 capital plus the surcharges on G-SIBs as applicable, Group 1 banks would need an additional €6.5 billion of additional Tier 1 or CET1 capital to meet the Tier 1 capital target ratio of 8.5% (ie the 6.0% Tier 1 minimum plus the 2.5% CET1 capital conservation buffer) plus the surcharges on G-SIBs as applicable, respectively. Group 2 banks would need an additional €0.4 billion and an additional €5.9 billion to meet these respective Tier 1 capital minimum and target ratio requirements.

Group 1 banks would not need additional Tier 2 or higher-quality capital to meet the minimum total capital ratio requirement of 8.0% but require an additional €40.6 billion of Tier 2 or higher-quality capital to meet the total capital target ratio of 10.5% (ie the 8.0% Tier 1 minimum plus the 2.5% CET1 capital conservation buffer) plus the surcharges on G-SIBs as applicable. Group 2 banks would need an additional €1.8 billion of Tier 2 or higher-quality capital and an additional €5.5 billion of Tier 2 or higher-quality capital to meet these respective total capital minimum and target ratio requirements.

As indicated above, no assumptions have been made about bank profits or behavioural responses, such as changes in balance sheet composition that would serve to reduce the impact of capital shortfalls over time.

Estimated capital shortfalls at the minimum level

Fully phased-in Basel III, sample and exchange rates as at the reporting dates Graph 6



[1] The height of each bar shows the aggregated capital shortfall considering requirements for each tier (ie CET1, Tier 1 and total) of capital. The sample of banks is not consistent over the two-year period (Group 1 includes 102 banks in H1 2011 and H2 2011, 101 banks in H1 2012 and H2 2012, 102 banks in H1 2013 and in H2 2013 and 98 in H1 2014 and H2 2014; Group 2 includes 109 banks in H1 2011, 107 in H2 2011, 104 in H1 2012, 115 in H2 2012, 118 in H1 2013, 113 in H2 2013, 114 in H1 2014 and 108 in H2 2014).

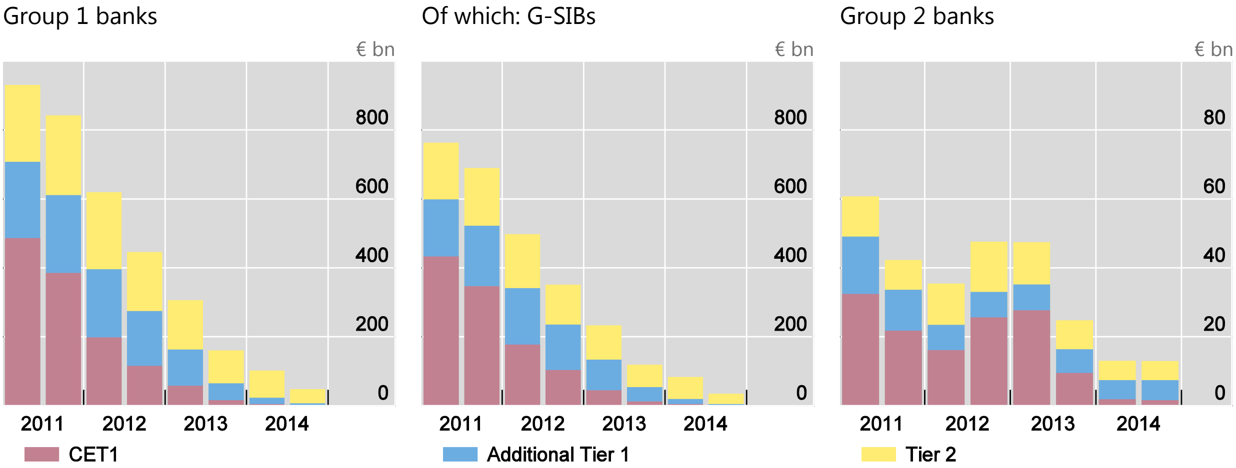
Source: Basel Committee on Banking Supervision. See also Table A.6.

At the CET1 target level of 7.0% plus the surcharges on G-SIBs as applicable, the aggregate CET1 shortfall for Group 1 banks improved sharply, with the aggregate shortfall falling €3.9 billion to zero over the six-month period ending 31 December 2014 (see Graph 7). Among Group 2 banks, after large improvements in the CET1 shortfall at the 7.0% target level over the previous two periods, the shortfall improved slightly, by 16.7% since end-June 2014.

Estimated capital shortfalls at the target level

Fully phased-in Basel III, sample and exchange rates as at the reporting dates

Graph 7



[1] The height of each bar shows the aggregated capital shortfall considering requirements for each tier (ie CET1, Tier 1 and total) of capital. The sample of banks is not consistent over the two-year period (Group 1 includes 102 banks in H1 2011 and H2 2011, 101 banks in H1 2012 and H2 2012, 102 banks in H1 2013 and in H2 2013 and 98 in H1 2014 and H2 2014; Group 2 includes 109 banks in H1 2011, 107 in H2 2011, 104 in H1 2012, 115 in H2 2012, 118 in H1 2013, 113 in H2 2013, 114 in H1 2014 and 108 in H2 2014).

Source: Basel Committee on Banking Supervision. See also Table A.7.

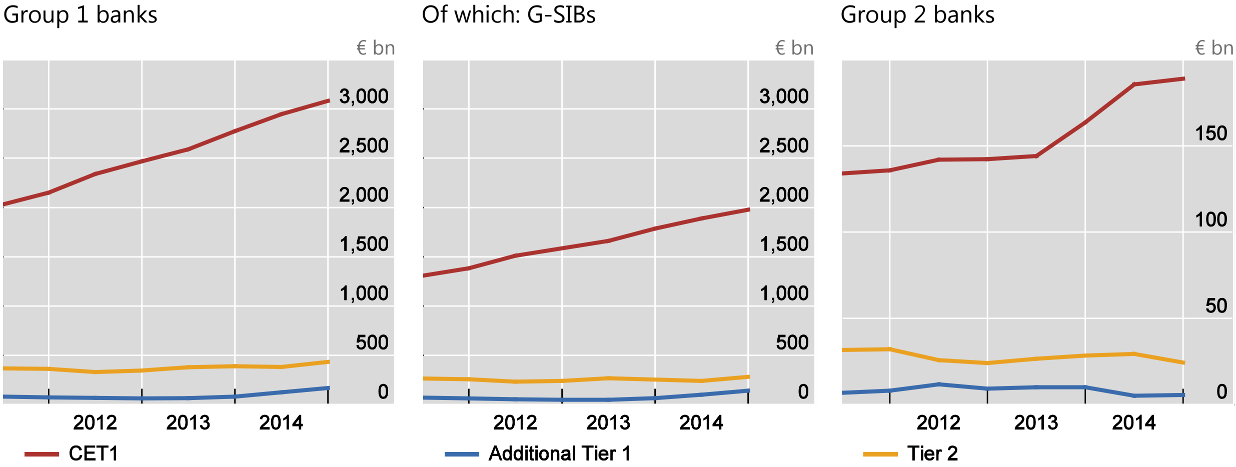
2.3 Level of capital

Graph 8 shows the development of the level of CET1 capital of banks in the consistent sample assuming full phasing-in of Basel III separately for Group 1 banks, Group 2 banks and G-SIBs. From end-June 2014 to end-December 2014, the level of Group 1 banks' CET1 has increased by €135 billion or 4.6% to €3,081 billion. Around two thirds of this increase, €88 billion, can be attributed to the G-SIBs in the sample which collectively held €1,977 billion of capital at the end of December 2014. Group 2 banks' CET1 has increased by €3 billion or 1.6% to €189 billion.

Since end-June 2011, Group 1 banks have increased their CET1 capital by 51.8%. The overall increase for the G-SIBs included in this sample is somewhat lower at 51.1%, while the CET1 of the consistent sample of Group 2 banks has increased by 41.0%.

Level of capital after full phasing in of Basel III

Consistent sample of banks, exchange rates as of 31 December 2014[1] Graph 8



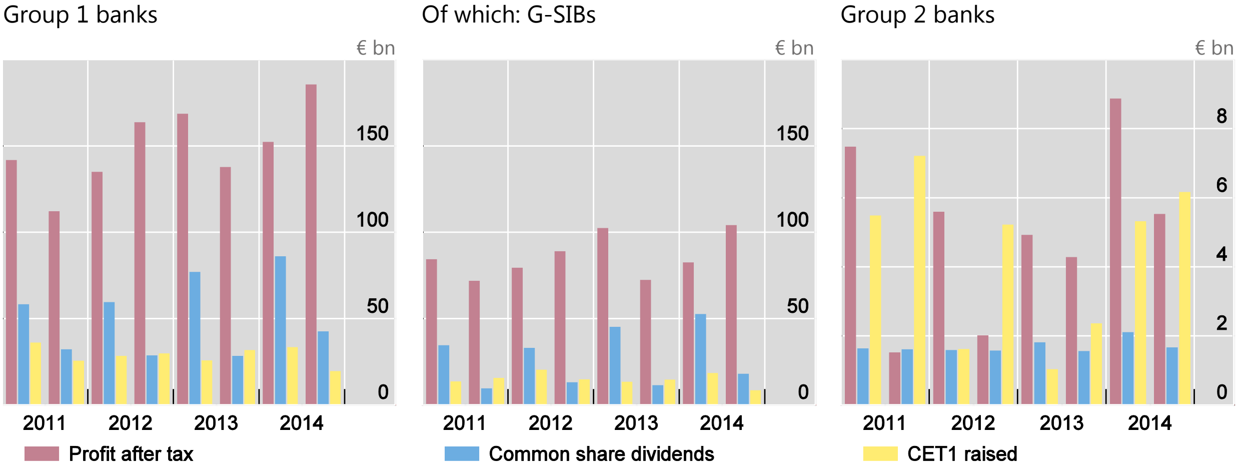
[1] Group 1 includes 92 banks, G-SIB includes 30 banks and Group 2 includes 75 banks.

Source: Basel Committee on Banking Supervision. See also Table A.8.

The CET1 capital raised by the consistent sample of Group 1 banks (see Graph 9) varied between €36.0 billion in the first half of 2011 and €19.4 billion in the second half of 2014. Of these amounts, capital raised by the G-SIBs in the sample was 37.2% in the first half of 2011 and 42.8% in the second half of 2014. For the consistent sample of Group 2 banks, capital raised was the lowest in the first half of 2013 at slightly more than €1 billion, while the amount raised was €6.2 billion in the second half of 2014.

Profits, dividends and CET1 capital raised

Consistent sample of banks,[1] exchange rates as of 31 December 2014 Graph 9



[1] Group 1 includes 91 banks, G-SIB includes 29 banks and Group 2 includes 74 banks.

Source: Basel Committee on Banking Supervision. See also Table A.9.

In the second half of 2014 the full sample of Group 1 banks raised €19.7 billion of CET1 capital (see Table 2). Almost 60% of this amount was raised by non-G-SIBs[16] within the sample. Group 2 banks collectively raised €7.5 billion of CET1 capital during the reporting period.

Capital raised during H2 2014

Full sample of banks, gross amounts, in billions of euros — Table 2

	Number of banks	Number of banks that raised capital	CET1	Additional Tier 1	Tier 2
Group 1	98	69	19.7	47.1	53.0
of which: G-SIBs	30	29	8.3	42.7	36.8
Group 2	112	43	7.5	1.5	1.2

Source: Basel Committee on Banking Supervision.

2.4 Composition of capital

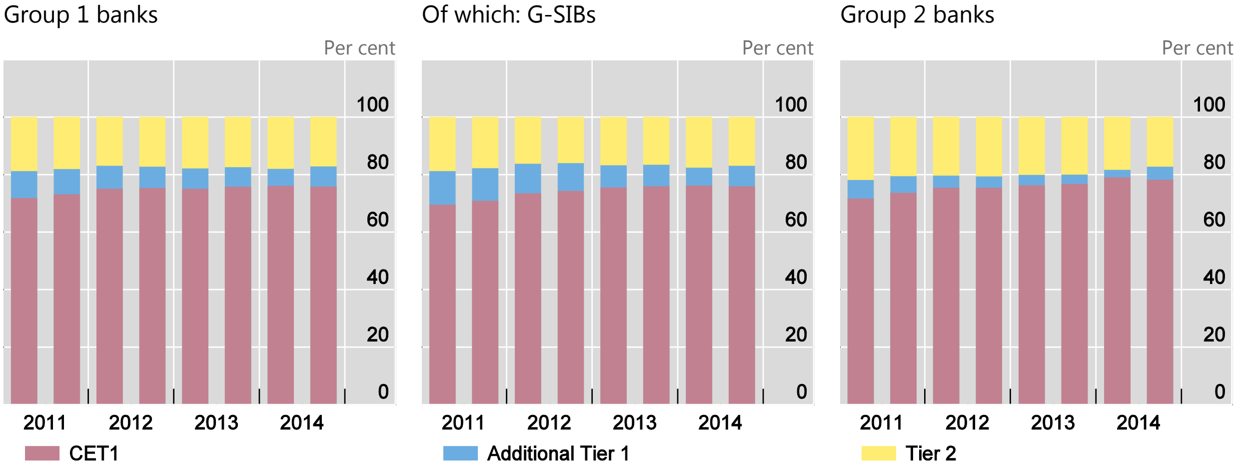
The graphs below show the composition of total capital for Group 1 and Group 2 banks under transitional Basel III rules (Graph 10) and after full phasing-in of Basel III (Graph 11).

For Group 1 banks, the share of fully phased-in Basel III CET1 to total capital is 83.7%. Additional Tier 1 and Tier 2 capital amount to 4.6% and 11.8% of the total capital of Group 1 banks, respectively. Of the Group 1 bank sample, 35% hold Basel III CET1 representing 90% or more of Basel III total capital. In the Group 2 sample, banks hold a similar share of CET1 at 86.5% with shares of additional Tier 1 capital and Tier 2 capital amounting to 2.5% and 11.0%, respectively. Under transitional Basel III rules, the share of CET1 to total capital is lower at 75.7% for Group 1 banks and at 78.2% for Group 2 banks, with correspondingly higher shares of additional Tier 1 and Tier 2 capital.

[16] One G-SIB in the sample did not provide data on capital raised during H1 2014 and is therefore not included in this analysis.

Structure of regulatory capital under transitional Basel III rules[1]

Consistent sample of banks Graph 10

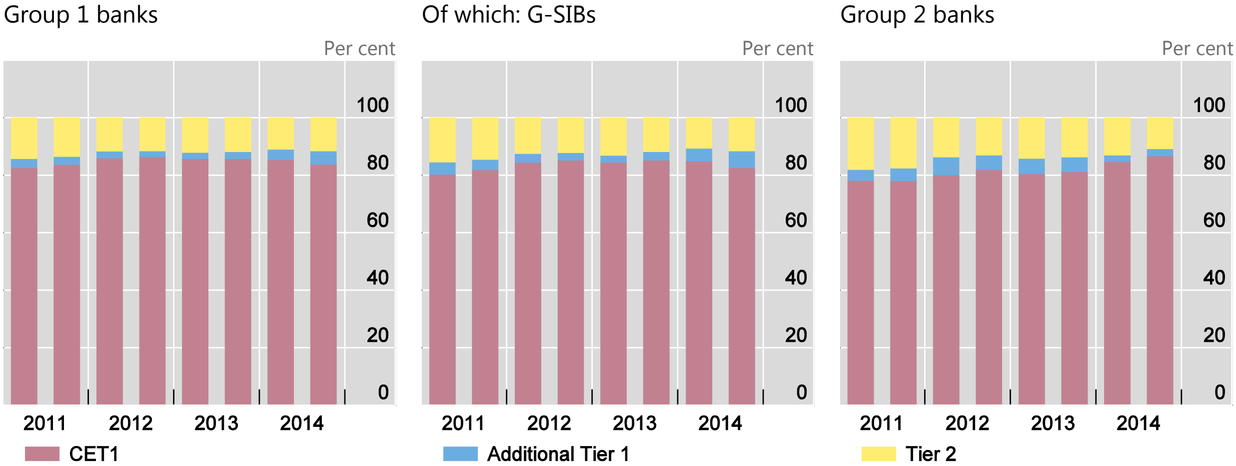


[1] Any remainder represents Tier 3 capital.

Source: Basel Committee on Banking Supervision. See also Table A.10.

Structure of regulatory capital under fully phased-in Basel III

Consistent sample of banks Graph 11



Source: Basel Committee on Banking Supervision. See also Table A.11.

Regarding the composition of Basel III CET1 capital itself, retained earnings (54.4% for Group 1 banks and 35.6% for Group 2 banks) and paid-in capital (39.8% for Group 1 banks and 50.5% for Group 2 banks) comprise the predominant form of gross CET1 outstanding. Accumulated other comprehensive income (AOCI) makes up a substantial portion of CET1 outstanding in a few countries but contributes only 5.4% of gross CET1 on average for Group 1 banks and 10.2% for Group 2 banks. Meanwhile, total minority interest given recognition in CET1 contributes only a respective 0.8% and 3.8% to the outstanding CET1 balances of Group 1 and Group 2 banks.

2.5 Leverage ratio

The results regarding the Basel III leverage ratio are provided using the two following measures of Tier 1 capital in the numerator:

- *Transitional Basel III Tier 1*, which is Tier 1 capital eligible under the national implementation of the Basel III framework in place in member countries at the reporting date, including any phase-in arrangements; and
- *Fully phased-in Basel III Tier 1* capital.

Following publication of the January 2014 *Basel III leverage ratio framework,*[17] the Basel III leverage ratio exposure measure in the denominator of the Basel III leverage ratio includes:

- on-balance sheet assets, excluding securities financing transactions and derivatives;
- securities financing transaction (SFT) exposures with limited recognition of netting of cash receivables and cash payables with the same counterparty under strict criteria;
- derivatives exposures at replacement cost (net of cash variation margin meeting a set of strict eligibility criteria) plus an add-on for potential future exposure based on the current exposure method (CEM);
- written credit derivative exposures at their effective notional amount (net of negative changes in fair value that have been incorporated into the calculation of Tier 1 capital) reduced by the effective notional amount of purchased credit derivatives that meet offsetting criteria related to reference name, level of seniority and maturity;
- off-balance sheet exposures, obtained by multiplying notional amounts by the credit conversion factors in the standardised approach to credit risk, subject to a floor of 10%; and
- other exposures as specified in the Basel III leverage ratio framework.

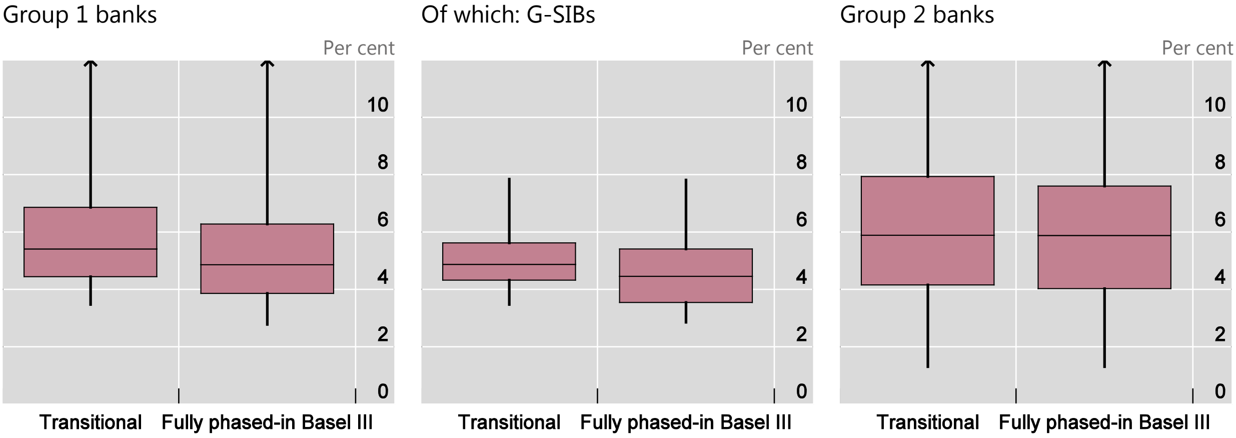
Total exposures of the 98 Group 1 banks and the 100 Group 2 banks in the sample were €71.2 trillion. Graph 12 presents summary statistics related to the distribution of Basel III leverage ratios based on transitional Basel III Tier 1 and fully phased-in Basel III Tier 1 capital. The graph provides this information for Group 1 banks, G-SIBs and Group 2 banks. The weighted average transitional Basel III Tier 1 leverage ratios would be 5.5% for Group 1 banks and for G-SIBs 5.3%, while it would amount to 5.6% for Group 2 banks. The weighted average fully phased-in Basel III Tier 1 leverage ratios are 5.0% for Group 1 banks and 4.9% for G-SIBs, while for Group 2 banks the weighted average is 5.3%.

The analysis shows that Group 2 banks, while showing a greater dispersion as can be seen in Graph 12, are generally less leveraged than Group 1 banks, and this difference increases when fully phased-in Basel III capital is used as the numerator.

Under the transitional Basel III Tier 1 leverage ratio, four banks in the sample would not meet the 3% Tier 1 leverage ratio level, all of them being Group 2 banks. Under the fully phased-in Basel III Tier 1 leverage ratio, 10 banks in the sample would not meet the 3% Basel III Tier 1 leverage ratio level, including three Group 1 banks with an aggregate shortfall of €3.1 billion and seven Group 2 banks with an aggregate shortfall of €4.3 billion.

[17] Basel Committee on Banking Supervision, *Basel III leverage ratio framework and disclosure requirements*, January 2014, www.bis.org/publ/bcbs270.pdf.

Transitional Basel III Tier 1 and fully phased-in Basel III Tier 1 leverage ratios[1] Graph 12



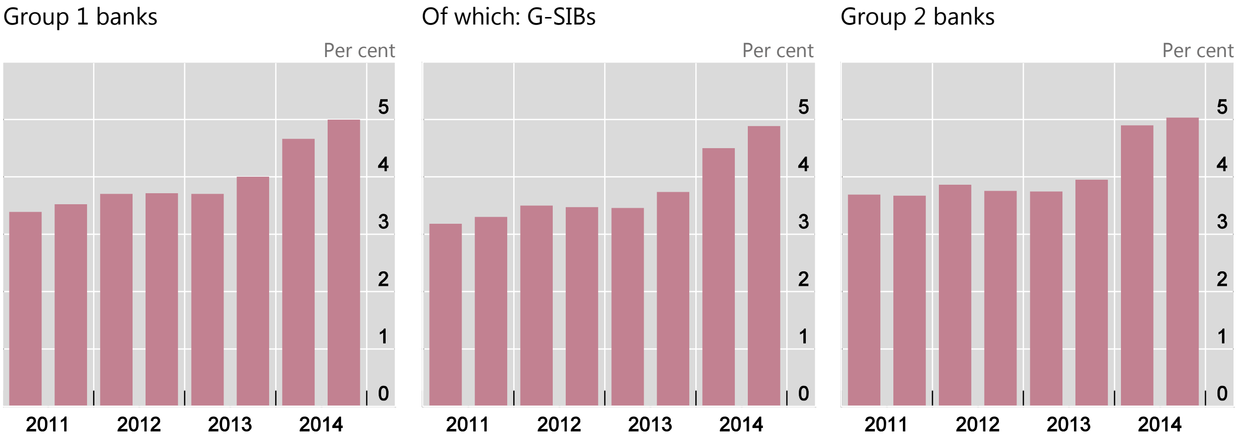
[1] The median value is represented by a horizontal line, with 50% of the values falling in the range shown by the box. The upper and lower end points of the vertical lines generally show the range of the entire sample. Banks with Basel III leverage ratios above 12% are included in the calculation but are not shown in the graph.

Source: Basel Committee on Banking Supervision. See also Table A.14.

Graph 13 shows how the fully phased-in Basel III leverage ratios have evolved over time for a consistent sample of 91 Group 1 and 74 Group 2 banks, as well as for 30 G-SIBs, which provided leverage ratio data for all reporting dates from June 2011 to December 2014.

Fully phased-in Basel III Tier 1 leverage ratios[1]

Consistent sample of banks Graph 13



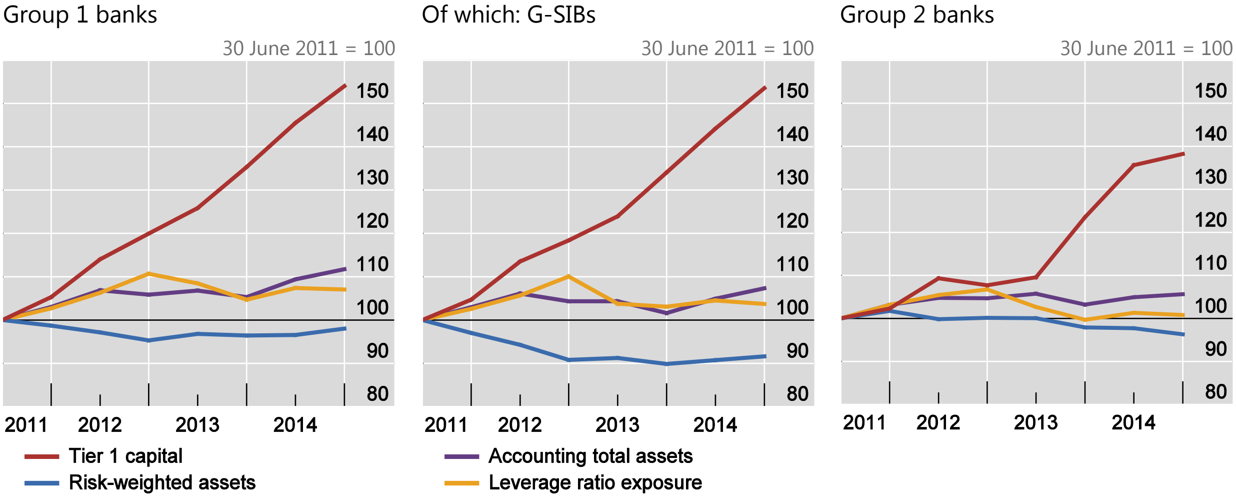
[1] Note that the data points for H1 2013 use an approximation for the final definition of the Basel III leverage ratio exposure where gross instead of adjusted gross securities financing transaction values are used.

Source: Basel Committee on Banking Supervision. See also Table A.15.

Graph 14 shows the evolution of the components of the capital ratios over time for a consistent sample of banks, ie banks that have consistently been providing the four data series for the period June 2011 to December 2014. The four components are Basel III Tier 1 capital, risk-weighted assets and the leverage ratio exposure measure, all assuming full implementation of Basel III, as well as accounting total assets. For Group 1 banks, capital steadily increased over the period, whereas leverage ratio exposures, which had followed a similar pattern until end-2012, decreased during 2013 and then increased somewhat during 2014. Nevertheless, since June 2012, changes in leverage ratio exposure, accounting total assets, and risk-weighted assets have been relatively modest. For Group 2 banks these three time series track more closely. Group 2 banks also report significant increases in fully phased-in Basel III Tier 1 capital over the last reporting periods.

Tier 1 capital, risk-weighted assets, leverage ratio exposure and accounting total assets[1]

Consistent sample of banks, exchange rates as of 31 December 2014 Graph 14



[1] Tier 1 capital, risk-weighted assets and leverage ratio exposure assume full implementation of Basel III. Note that the data points for H1 2013 use an approximation for the final definition of the Basel III leverage ratio exposure where gross instead of adjusted gross securities financing transaction values are used.

Source: Basel Committee on Banking Supervision. See also Table A.16.

2.6 Relationship between the Basel III leverage ratio and risk-based capital requirements

Table 3 below shows the migration of banks from *bounded* to *non-bounded* after Tier 1 capital rising to meet the target Tier 1 risk-based capital ratio.[18] It shows in particular that 4.1% of the banks in the sample do not meet the minimum Basel III leverage ratio of 3%, even after Tier 1 capital rising to meet the target risk-based Tier 1 capital requirements.

[18] That is, a Tier 1 minimum capital ratio of 6% plus a capital conservation buffer of 2.5% plus, where applicable, any G-SIB capital surcharges.

Share of banks meeting the fully phased-in Basel III leverage ratio before and after capital raising to meet the risk-based target Tier 1 ratio

Full sample of banks, in per cent

Table 3

		Target Tier 1 ratio binding (<8.5% + GSIB surcharge)? Yes	Target Tier 1 ratio binding (<8.5% + GSIB surcharge)? No	Total	Total after capital raising to meet **target** Tier 1 ratio
Leverage ratio binding (<3%)?	Yes	1.5	3.6	5.1	4.1
	No	5.6	89.3	94.9	95.9
	Total	7.1	92.9	100.0	100.0

Source: Basel Committee on Banking Supervision.

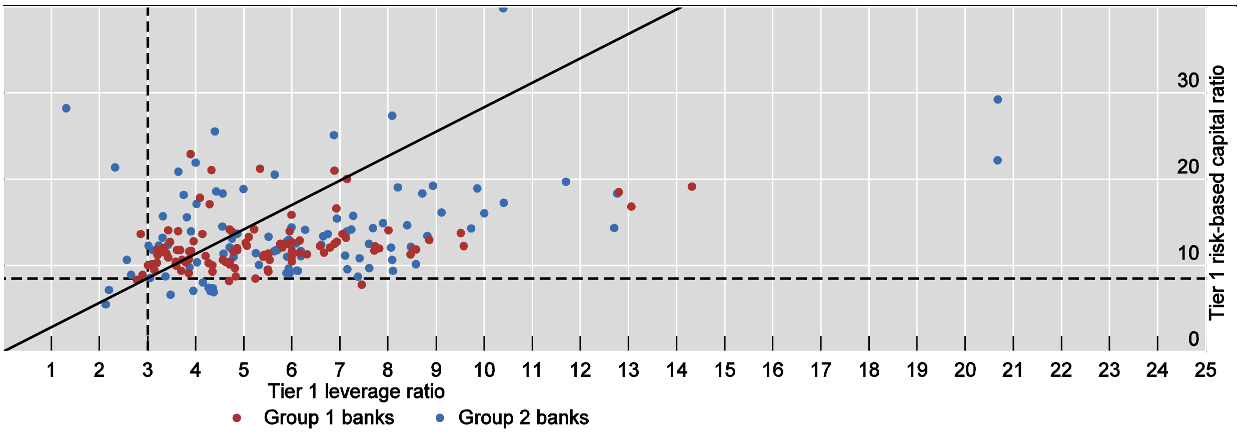
Graph 15 below shows the interaction between the fully phased-in Basel III Tier 1 leverage ratios (horizontal axis) and the fully phased-in Basel III Tier 1 risk-weighted capital ratios (vertical axis). Ratios of Group 1 banks are marked with red dots and those of Group 2 banks with blue dots. The dashed horizontal line represents a Tier 1 target capital ratio of 8.5%,[19] whereas the dashed vertical line represents a Basel III Tier 1 leverage ratio of 3%.

The diagonal line represents points where an 8.5% fully phased-in Basel III Tier 1 target capital ratio results in the same amount of required fully phased-in Basel III Tier 1 capital as a fully phased-in Basel III leverage ratio of 3%. By construction, it also represents a multiple of 8.5%/3%≈2.83 between risk-weighted assets and the Basel III leverage ratio exposure measure. Therefore, for banks plotted above the diagonal line, the Basel III leverage ratio requires more Tier 1 capital than the Tier 1 capital ratio (ie the Basel III leverage ratio becomes the constraining requirement).[20] For banks plotted below the diagonal line, the target Tier 1 capital ratio requires more capital than the leverage ratio (ie the Tier 1 capital ratio remains the constraining requirement).

Fully phased-in Basel III Tier 1 risk-based capital and leverage ratios

Consistent sample of banks, in per cent[1]

Graph 15



[1] Banks with a risk-based Tier 1 capital ratio of more than 40% have been excluded from the graph.

Source: Basel Committee on Banking Supervision.

[19] Consisting of a 6.0% Tier 1 minimum capital ratio plus 2.5% capital conservation buffer.

[20] Note that the effect of the G-SIB surcharge is not taken into account. As the G-SIB surcharges only apply to the risk-based requirement, the relevant proportion between risk-weighted assets and total leverage ratio exposure that determines whether the Basel III leverage ratio is constraining or not may vary on a bank by bank basis.

As shown in Graph 15, 10 banks, including three Group 1 banks and seven Group 2 banks, do not meet the minimum fully phased-in Basel III leverage ratio of 3% (ie they are plotted left of the vertical dashed line). Note also that the fraction of banks that do not meet the fully phased-in Basel III Tier 1 leverage ratio is relatively lower (3.1%) in Group 1 than in Group 2 (7.1%).

Among the 10 banks that do not meet the Basel III leverage ratio minimum requirement of 3%, three banks including one Group 1 bank and two Group 2 banks also do not meet the Basel III Tier 1 target capital ratio of 8.5% (hence they are plotted in the southwest quadrant of Graph 15).

This graph also shows that the fully phased-in Basel III leverage ratio is constraining for 59 banks, including 32 Group 1 and 27 Group 2 banks – ie they are plotted above the diagonal line. Of these 59 banks, three Group 1 banks and seven Group 2 banks also do not meet the minimum fully phased-in Basel III leverage ratio of 3% (hence they are plotted left of the vertical dashed line and above the diagonal line).

2.7 Combined shortfall amounts

Graph 16 below shows a breakdown of risk-based capital shortfalls and combined risk-based and Basel III leverage ratio capital shortfalls for Group 1 banks, Group 2 banks and G-SIBs. Each box contains four bars. The first left-hand bar in each of the boxes (labelled with "Minimum") shows the capital shortfall arising from a fully phased-in Basel III Tier 1 risk-based minimum capital requirement of 6% and a fully phased-in Basel III total risk-based minimum capital requirement of 8%, whereas the second left-hand bar (also labelled with "Minimum") shows the *combined* capital shortfall with respect to the fully phased-in Basel III Tier 1 minimum capital ratio of 6%, a fully phased-in Basel III total risk-based minimum capital ratio of 8% and the fully phased-in Basel III leverage ratio requirement of 3%. Similarly, the first right-hand bar (labelled with "Target") shows the capital shortfall compared with the target fully phased-in Basel III total capital ratio (8.5% of Tier 1 and 10.5% of total capital plus, where applicable, the G-SIB surcharges), whereas the second right-hand bar shows the combined shortfall arising from those target capital ratios and the fully phased-in Basel III Tier 1 leverage ratio of 3%.

As the Basel III leverage ratio is based on the fully phased-in Basel III Tier 1 capital measure, the CET1 capital shortfall at the target level of €1.5 billion for Group 2 banks is driven purely by the risk-based capital requirements (the red bars do not change when introducing the Basel III leverage ratio requirement).

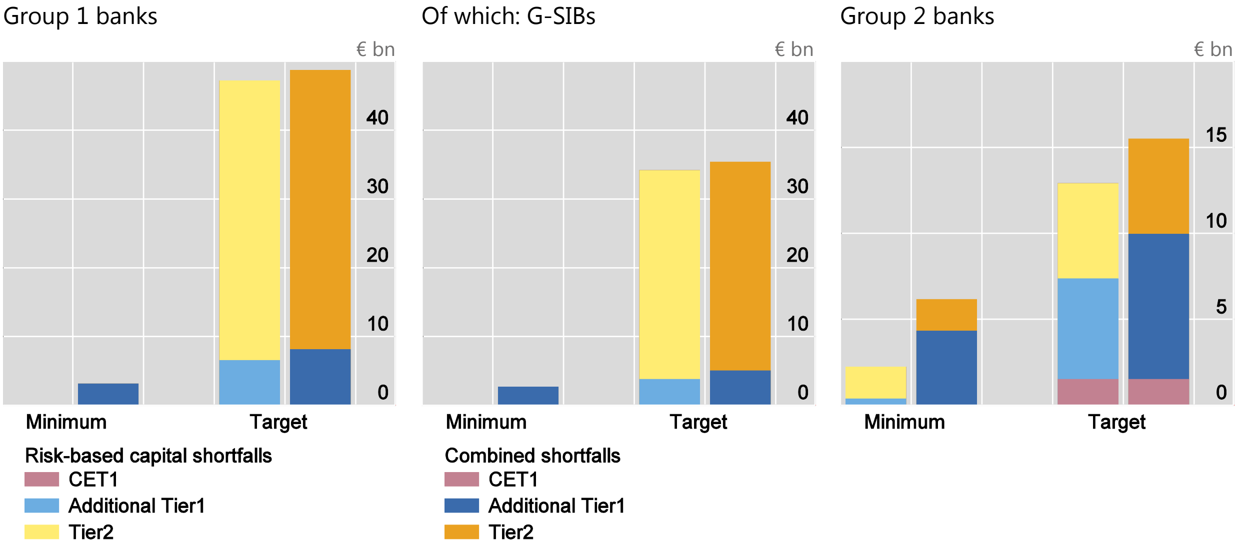
However, the Basel III leverage ratio causes an increase in the additional Tier 1 capital shortfall, both at the minimum and target levels. For Group 1 banks, the inclusion of the fully phased-in Basel III leverage ratio shortfall raises the additional Tier 1 capital shortfall at the minimum level from zero to €3.1 billion. At the target level, the shortfall triggered by the Basel III leverage ratio is smaller (ie the gap between the light blue bar and the dark blue bar narrows down moving from the "Minimum" to the "Target" calculations). This is a natural outcome since banks can use the additional capital raised to meet the capital conservation buffer and G-SIB surcharges to also meet the Basel III leverage ratio requirement. Hence, any additional capital buffer requirement (eg a countercyclical capital buffer) would further reduce the additional capital shortfall caused by the Basel III leverage ratio. At the Tier 1 target level, the Basel III leverage ratio raises the additional Tier 1 capital shortfall by €1.6 billion (from €6.5 billion to €8.1 billion) for Group 1 banks, by €1.2 billion (from €3.8 billion to €5.0 billion) for G-SIBs, and by €2.5 billion (from €5.9 billion to €8.4 billion) for Group 2 banks.

Overall, the inclusion of applicable Basel III leverage ratio shortfalls increases the total capital shortfall for Group 1 banks by almost €1.6 billion (from €47.2 billion to €48.8 billion) at the target level. Around 80% of this €1.6 billion increase is attributable to G-SIBs within the Group 1 sample (up €1.3 billion from €34.1 billion to €35.4 billion). With regard to Group 2 banks, the inclusion of applicable leverage ratio shortfalls raises total capital shortfalls at the target level by almost €2.6 billion (from €12.9 billion to €15.5 billion).

Risk-based capital shortfalls and combined risk-based and leverage ratio capital shortfalls

Fully phased-in Basel III

Graph 16



Source: Basel Committee on Banking Supervision. See also Table 1.

3. Liquidity

3.1 Liquidity Coverage Ratio

One of the two liquidity standards introduced by the Committee is the 30-day Liquidity Coverage Ratio (LCR) which is intended to promote short-term resilience against potential liquidity disruptions. The LCR has been designed to require global banks to have sufficient high-quality liquid assets to withstand a stressed 30-day funding scenario specified by supervisors. The LCR numerator consists of a stock of unencumbered, high-quality liquid assets that must be available to cover any net outflow, while the denominator comprises cash outflows less cash inflows (subject to a cap at 75% of outflows) that are expected to occur in a severe stress scenario.

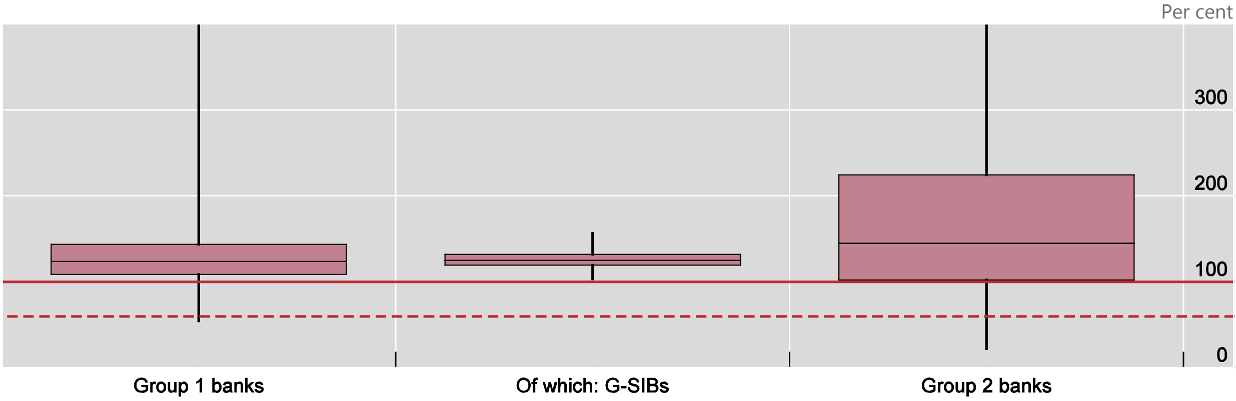
The LCR was revised by the Committee in January 2013 and came into effect on 1 January 2015. The minimum requirement is initially set at 60% in 2015 and will then rise in equal annual steps of 10 percentage points to reach 100% in 2019.

Overall, 95 Group 1 and 105 Group 2 banks provided sufficient data in the end-December 2014 Basel III monitoring exercise to calculate the LCR according to the revised standard. The average LCR was 125.3% for Group 1 banks and 143.7% for Group 2 banks, which compare to average LCRs of 121.3% and 140.1% for Group 1 banks and Group 2 banks, respectively, as of end-June 2014.

The aggregate numbers under the revised LCR standard do not speak to the range of results across participating banks. Graph 17 below gives an indication of the distribution of bank results. Some 85% of all banks in the Basel III monitoring sample already meet or exceed the final LCR minimum requirement of 100%, while 98% have LCRs that are at or above the initial 60% minimum requirement. These results compare to 77% and 96% of all banks meeting the 100% and 60% minimum requirements, respectively, as of end-June 2014. All banks in the sample which are or will be subject to the LCR requirement have either already reached compliance since the reporting date or are expected to be compliant by the relevant national implementation date.

Liquidity Coverage Ratio[1]

Graph 17



[1] The median value is represented by a horizontal line, with 50% of the values falling in the range shown by the box. The upper and lower end points of the thin vertical lines show the range of the entire sample. The sample is capped at 400%, meaning that all banks with an LCR above 400% were set to 400%. The red horizontal lines represent the 60% minimum (2015, dashed line) and the 100% minimum (2019, solid line).

Source: Basel Committee on Banking Supervision. See also Table A.17.

For the banks in the sample, Basel III monitoring results show a shortfall (ie the difference between high-quality liquid assets and net cash outflows) of €147 billion (which represents approximately 0.2% of the €62 trillion total assets of the aggregate sample) as of end-December 2014. This compares to a shortfall of €305 billion as of end-June 2014. This number is reflective only of the aggregate shortfall for banks that are below an LCR minimum requirement of 100% and does not reflect surplus liquid assets at banks above a 100% requirement. At an LCR minimum requirement of 60%, the aggregate shortfall for the banks in the sample was €70 billion (little over 0.1% of banks' assets) as of end-December 2014, compared with €155 billion as of end-June 2014.

The key components of outflows and inflows are shown in Table 4. Group 1 banks show a notably larger percentage of total outflows, when compared with balance sheet liabilities, than Group 2 banks. This can be explained by the relatively greater contribution of wholesale funding activities and commitments within the Group 1 sample, whereas Group 2 banks, as a whole, are less reliant on these types of activities.

LCR outflows and inflows (post-factor) as a percentage of balance sheet liabilities[1]

Table 4

Category	Group 1	Group 2
Outflows to…		
Unsecured retail and small business customers	2.3	2.4
Unsecured non-financial corporates	4.4	1.6
Unsecured sovereign, central bank, public sector entities (PSEs) and multilateral development banks (MDBs)	0.9	1.0
Unsecured financial institutions and other legal entities	5.4	3.1
Other unsecured wholesale funding incl. unsecured debt issuance	1.1	0.7
Secured funding and collateral swaps	1.8	0.4
Collateral, securitisations and own debt	0.7	0.3
Credit and liquidity facilities	1.9	0.8
Other contractual and contingent cash outflows including derivative payables	2.5	1.4
Total outflows[2]	**20.6**	**11.5**
Inflows from…		
Financial institutions	2.0	1.2
Retail and small business customers, non-financial corporates, central banks and other entities	1.4	1.1
Secured lending and collateral swaps	1.9	0.3
Other cash inflows including derivative receivables	0.9	0.3
Total inflows[2,3]	**6.2**	**2.8**

[1] Uses balance sheet component information reported on the net stable funding ratio worksheet. [2] May contain rounding differences. [3] The 75% cap is only applied to the "total inflow" category, which leads the sum of the individual inflow categories for Group 2 banks to exceed the total inflow contribution on account of banks that report inflows that exceeded the cap.

Source: Basel Committee on Banking Supervision.

75% cap on total inflows

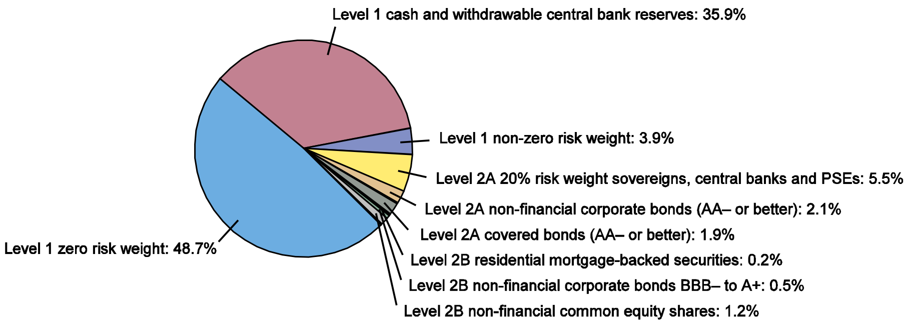
As at end-December 2014, no Group 1 and 10 Group 2 banks reported inflows that exceeded the 75% cap. Of these 10 Group 2 banks, none fail to meet an LCR minimum requirement of 100%.

Composition of high-quality liquid assets

The composition of high-quality liquid assets (measured after application of the LCR haircuts) currently held at banks is depicted in Graph 18. The majority of Group 1 and Group 2 banks' holdings, in aggregate, are comprised of Level 1 assets (almost 90%); however, the sample as a whole shows diversity in their holdings of eligible liquid assets. Within Level 1 assets, 0% risk-weighted securities issued or guaranteed by sovereigns, central banks and public sector entities, and cash and central bank reserves comprise the most significant portions of the qualifying pool. By comparison, within the Level 2A asset class, the majority of holdings comprise 20% risk-weighted securities issued or guaranteed by sovereigns, central banks or public sector entities. Eligible non-financial common equity shares comprise the majority of holdings of Level 2B assets.

Composition of holdings of eligible liquid assets

All banks | Graph 18



Source: Basel Committee on Banking Supervision.

Caps on Level 2B and Level 2 assets

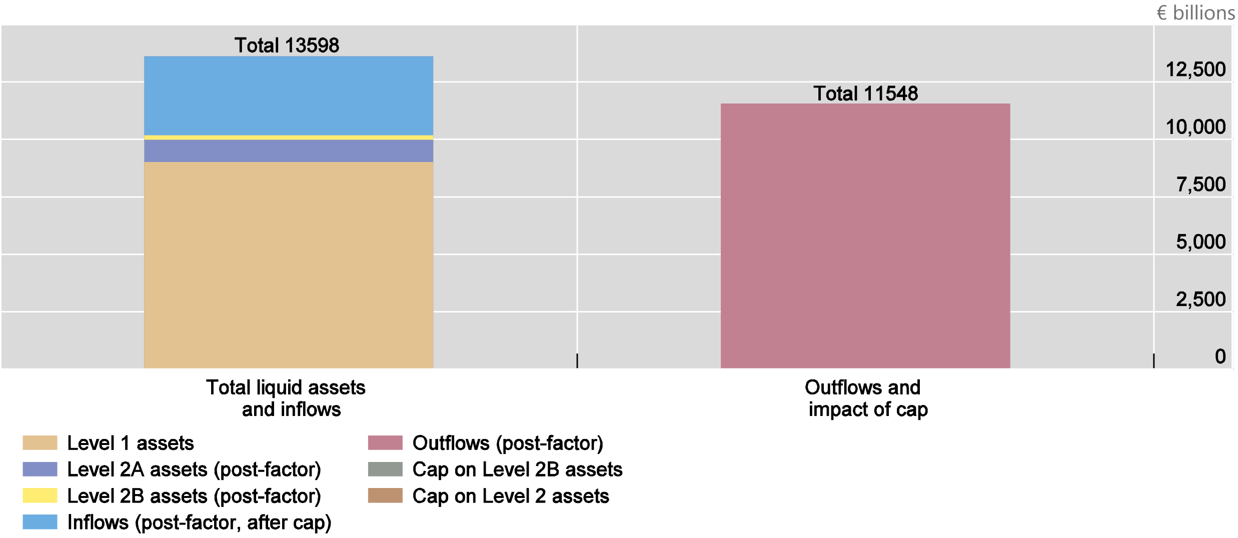
Due to the 15% Level 2B cap and the 40% overall Level 2 cap, €6.8 billion of Level 2 assets are excluded from high-quality liquid assets. In total, 10 banks are constrained, of which four banks are constrained only by the Level 2B cap and five banks are constrained only by the Level 2 cap. One bank is constrained by both caps. Of the 10 total banks that are constrained, three fail to meet an LCR minimum requirement of 100%.

Comparison of liquid assets and inflows to outflows and caps

Graph 19 combines the above LCR components by comparing liquidity resources (pool of high-quality liquid assets and inflows) to outflows. Note that the €2,050 billion gross surplus shown in the graph differs from the €147 billion gross shortfall at an LCR minimum requirement of 100% that is noted above, as it is assumed here that excess assets at one bank can offset those at another. In practice the aggregate position in the industry is likely to lie somewhere between these two numbers depending on how efficiently banks redistribute liquidity around the system.

Comparison of pool of high-quality liquid assets plus inflows to outflows and cap

All banks Graph 19



Source: Basel Committee on Banking Supervision. See also Table A.18.

3.2 Net Stable Funding Ratio

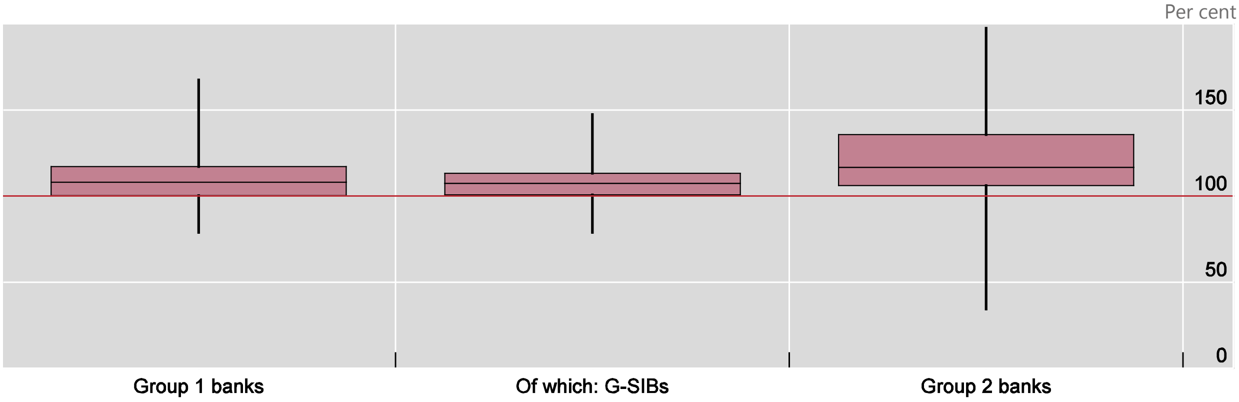
The second liquidity standard introduced by the Basel III reforms is the Net Stable Funding Ratio (NSFR), a longer-term structural ratio designed to reduce funding risk over a longer time horizon by requiring banks to fund their activities with sufficiently stable sources of funding in order to mitigate the risk of future funding stress.

Overall, 97 Group 1 and 104 Group 2 banks provided sufficient data in the end-December 2014 Basel III monitoring exercise to calculate the revised NSFR according to the second consultative document issued by the Committee in January 2014. Some 75% of Group 1 banks and 85% of Group 2 banks already meet or exceed the 100% minimum NSFR requirement, with 92% of Group 1 banks and 93% of Group 2 banks at an NSFR of 90% or higher as of end-December 2014.

The weighted average NSFR for the sample of Group 1 banks was 111.2%. For Group 2 banks, the average NSFR was 113.8%. Graph 20 shows the distribution of results for Group 1 and Group 2 banks; the red line indicates the 100% minimum requirement, the black horizontal lines inside the boxes indicate the median for the respective bank group.

Net stable funding ratio[1]

Graph 20



[1] The median value is represented by a horizontal line, with 50% of the values falling in the range shown by the box. The upper and lower end points of the thin vertical lines show the range of the entire sample. Banks with an NSFR of above 150% are included in the calculation but are not shown in the graph.

Source: Basel Committee on Banking Supervision. See also Table A.17.

Banks in the sample had a shortfall of stable funding[21] of €576 billion at end-December 2014. This number is reflective only of the aggregate shortfall for banks that are below the 100% NSFR requirement and does not reflect any surplus stable funding at banks above the 100% requirement. Banks that are below the 100% required minimum have until 2018 to meet the standard. For the 97 Group 1 banks in the sample, the shortfall, as described above, is €526 billion at end-December 2014. For the 104 Group 2 banks in the sample, the shortfall, as described above, is €51 billion at end-December 2014.

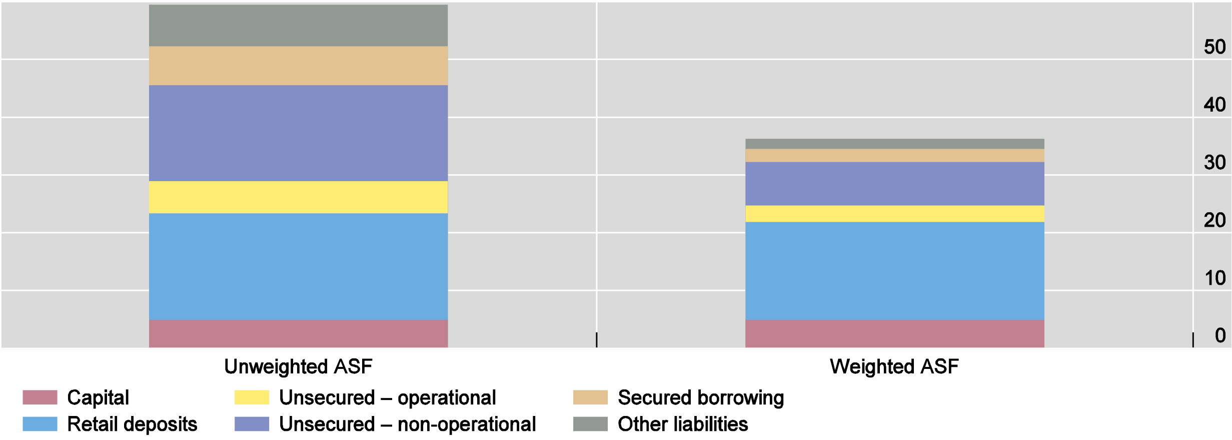
Stable funding sources

Deposits from retail and small business customers (ie "stable" and "less stable" deposits, as defined in the LCR) accounted for a significant portion of stable funding for banks in the sample, representing just under half of total weighted available stable funding. To a lesser degree, banks in the sample utilised funding from unsecured wholesale (other than operational deposit) sources, which represented roughly one-fifth of total weighted available stable funding. Operational deposits, by comparison, represented just under 10% of total weighted available stable funding for all banks in the sample.

[21] The shortfall in stable funding measures the difference between balance sheet positions after the application of available stable funding factors and the application of required stable funding factors for banks where the former is less than the latter.

Aggregate available stable funding (ASF) by funding type

All banks — Graph 21



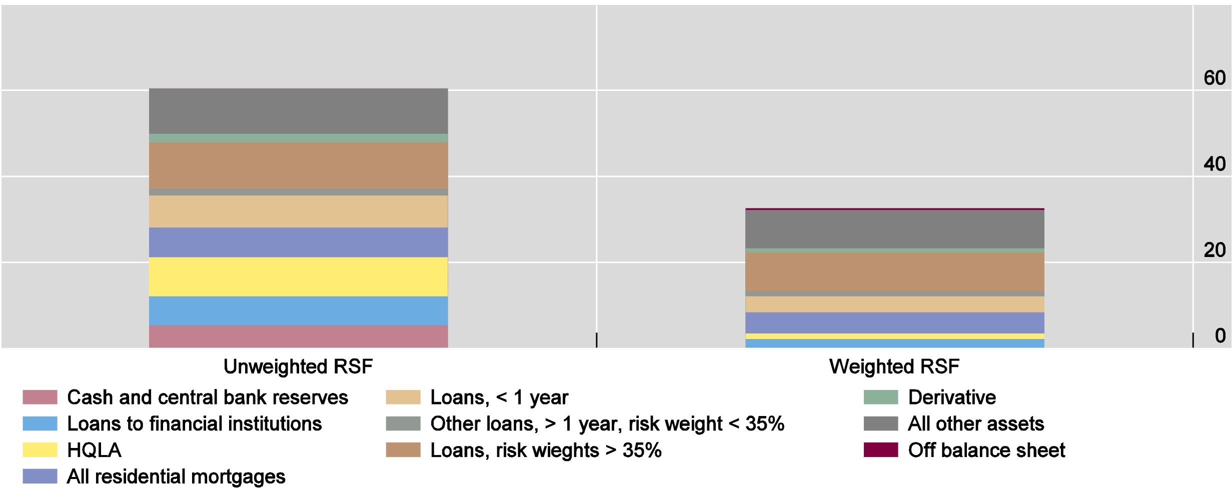
Source: Basel Committee on Banking Supervision. See also Table A.19.

Funding requirements

The NSFR assumes short-dated (ie maturing in less than one year) and higher quality assets require a smaller proportion of stable funding relative to longer term and lower quality assets. Indeed, much of the stable funding requirement across all banks in the sample was related to longer term assets such as loans. Loans with longer terms, including mortgages, represented roughly half of the stable funding requirement across all banks. By comparison, higher quality assets, such as HQLA securities, represented less than 5% of the total stable funding requirement. Assets encumbered for greater than six months represented 10% of total stable funding requirement (the NSFR treats assets encumbered for less than six months as unencumbered).

Aggregate required stable funding (RSF) by category

All banks — Graph 22



Source: Basel Committee on Banking Supervision. See also Table A.20.

Statistical Annex

Number of banks for which data have been provided

Table A.1

	Group 1 banks				Group 2 banks			
	All	RWA and capital data	leverage data	liquidity data	All	RWA and capital data	leverage data	liquidity data
Argentina	0	0	0	0	3	2	2	3
Australia	4	4	4	4	1	1	1	1
Belgium	2	2	2	2	2	2	2	2
Brazil	2	2	2	2	0	0	0	0
Canada	6	6	6	6	2	2	2	2
China	6	6	6	6	0	0	0	0
France	5	5	5	5	4	4	2	2
Germany	8	8	8	8	34	34	34	34
Hong Kong SAR	0	0	0	0	0	0	0	0
India	5	5	5	5	5	5	5	5
Indonesia	0	0	0	0	2	2	2	2
Italy	2	2	2	2	14	13	14	14
Japan	14	14	13	13	5	5	4	4
Korea	4	4	4	4	3	3	3	3
Luxembourg	0	0	0	0	3	2	2	2
Mexico	0	0	0	0	7	7	7	7
Netherlands	3	3	3	3	12	10	11	12
Russia	1	1	1	1	0	0	0	0
Saudi Arabia	3	3	3	3	0	0	0	0
Singapore	3	3	3	3	0	0	0	0
South Africa	3	3	3	3	2	2	2	2
Spain	2	2	2	2	5	5	3	5
Sweden	4	4	4	4	4	4	0	0
Switzerland	2	2	2	2	9	8	6	6
Turkey	3	3	3	3	0	0	0	0
United Kingdom	5	5	5	4	4	4	2	3
United States	13	13	13	13	0	0	0	0
Total	100	100	99	98	121	115	104	109
of which: G-SIBs	30							

Source: Basel Committee on Banking Supervision.

Transitional Basel III CET1, Tier 1 and total capital ratios

In per cent — Table A.2

	Group 1 banks			Of which: G-SIBs			Group 2 banks		
	CET1	Tier 1	Total	CET1	Tier 1	Total	CET1	Tier 1	Total
Max	26.4	26.4	29.9	19.5	21.1	27.2	73.2	73.2	73.2
75th percentile	13.1	14.3	17.1	12.3	13.7	16.6	16.4	17.0	19.0
Median	12.2	13.0	15.5	11.5	12.6	15.5	12.8	13.1	15.4
25th percentile	10.9	11.9	14.3	10.7	11.9	14.3	10.9	11.0	13.3
Min	8.2	8.4	11.4	9.3	10.5	12.6	6.7	7.0	10.0

Source: Basel Committee on Banking Supervision.

Fully phased-in Basel III CET1, Tier 1 and total capital ratios

In per cent — Table A.3

	Group 1 banks			Of which: G-SIBs			Group 2 banks		
	CET1	Tier 1	Total	CET1	Tier 1	Total	CET1	Tier 1	Total
Max	22.9	22.9	26.4	16.3	17.1	19.9	70.3	70.3	70.3
75th percentile	12.5	13.2	15.2	11.4	12.4	14.6	16.6	16.8	18.4
Median	11.2	11.8	13.1	10.7	11.6	13.6	12.8	13.1	14.2
25th percentile	10.1	10.5	12.3	10.2	10.8	12.2	10.6	10.7	11.9
Min	7.8	7.8	8.6	8.9	8.9	9.2	5.2	5.5	7.0

Source: Basel Committee on Banking Supervision.

Transitional Basel III CET1, Tier 1 and total capital ratios

In per cent, consistent sample of banks — Table A.4

	Group 1 banks			Of which: G-SIBs			Group 2 banks		
	CET1	Tier 1	Total	CET1	Tier 1	Total	CET1	Tier 1	Total
H1 2011	10.1	11.4	14.1	9.5	11.1	13.7	10.2	11.2	14.3
H2 2011	10.3	11.5	14.1	9.8	11.3	13.8	10.6	11.4	14.4
H1 2012	10.8	11.9	14.4	10.4	11.9	14.2	11.2	11.8	14.8
H2 2012	11.3	12.4	15.0	11.0	12.5	14.9	10.9	11.5	14.5
H1 2013	10.9	12.0	14.6	10.9	12.0	14.5	11.3	11.8	14.9
H2 2013	11.3	12.4	15.0	11.4	12.5	15.0	11.7	12.2	15.3
H1 2014	11.3	12.2	14.9	11.2	12.1	14.7	11.9	12.3	15.1
H2 2014	11.7	12.8	15.5	11.5	12.6	15.2	12.0	12.7	15.3

1 Before the implementation of the Basel III framework, results have been calculated on the basis of the relevant national regulatory frameworks in place at the reporting dates.

Source: Basel Committee on Banking Supervision.

Fully phased-in Basel III CET1, Tier 1 and total capital ratios

In per cent, consistent sample of banks Table A.5

	Group 1 banks			Of which: G-SIBs			Group 2 banks		
	CET1	Tier 1	Total	CET1	Tier 1	Total	CET1	Tier 1	Total
H1 2011	7.1	7.4	8.6	6.5	6.8	8.1	7.7	8.1	9.9
H2 2011	7.7	7.9	9.2	7.1	7.4	8.7	7.7	8.2	10.0
H1 2012	8.5	8.7	9.9	8.0	8.3	9.5	8.3	8.9	10.4
H2 2012	9.1	9.4	10.6	8.7	9.0	10.2	8.2	8.8	10.1
H1 2013	9.5	9.7	11.1	9.1	9.4	10.8	8.3	8.9	10.4
H2 2013	10.2	10.5	11.9	10.0	10.3	11.7	9.6	10.2	11.8
H1 2014	10.8	11.2	12.6	10.4	11.0	12.3	10.9	11.2	12.9
H2 2014	11.1	11.7	13.3	10.8	11.6	13.1	11.3	11.6	13.1

Source: Basel Committee on Banking Supervision.

Estimated capital shortfalls at the minimum level

In billions of euros, fully phased-in Basel III, sample and exchange rates as at the reporting dates[1] Table A.6

	Group 1 banks			Of which: G-SIBs			Group 2 banks		
	CET1	Add. Tier 1	Tier 2	CET1	Add. Tier 1	Tier 2	CET1	Add. Tier 1	Tier 2
H1 2011	38.8	66.6	119.3	31.7	52.9	93.1	8.6	7.3	5.5
H2 2011	11.9	32.5	107.7	7.6	22.6	86.3	7.6	2.1	4.1
H1 2012	3.7	16.2	61.8	0.1	11.2	50.4	4.8	1.6	5.0
H2 2012	2.2	10.2	45.7	0.0	5.9	36.5	11.4	2.3	8.7
H1 2013	3.3	6.9	18.6	0.0	1.8	13.0	12.4	3.0	8.4
H2 2013	0.1	1.4	3.6	0.0	0.0	0.2	2.0	0.7	4.0
H1 2014	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.3	3.1
H2 2014	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	1.8

[1] The sample of banks is not consistent over the two-year period (Group 1 includes 102 banks in H1 2011 and H2 2011, 101 banks in H1 2012 and H2 2012, 102 banks in H1 2013 and in H2 2013 and 98 in H1 2014 and H2 2014; Group 2 includes 109 banks in H1 2011, 107 in H2 2011, 104 in H1 2012, 115 in H2 2012, 118 in H1 2013, 113 in H2 2013, 114 in H1 2014 and 108 in H2 2014).

Source: Basel Committee on Banking Supervision.

Estimated capital shortfalls at the target level

In billions of euros, fully phased-in Basel III, sample and exchange rates as at the reporting dates[1] Table A.7

	Group 1 banks			Of which: G-SIBs			Group 2 banks		
	CET1	Add. Tier 1	Tier 2	CET1	Add. Tier 1	Tier 2	CET1	Add. Tier 1	Tier 2
H1 2011	485.6	221.4	223.2	431.8	166.4	164.0	32.4	16.6	11.6
H2 2011	384.1	226.3	232.0	346.1	175.5	167.7	21.7	11.9	8.6
H1 2012	197.9	197.0	224.0	176.8	163.3	156.9	16.0	7.3	12.0
H2 2012	115.0	158.9	171.3	102.3	132.1	116.1	25.6	7.4	14.6
H1 2013	57.5	104.5	143.8	44.3	88.6	99.7	27.7	7.5	12.3
H2 2013	15.1	48.8	95.4	11.8	41.7	64.6	9.4	6.9	8.3
H1 2014	3.9	18.6	78.6	3.9	14.3	64.4	1.8	5.6	5.6
H2 2014	0.0	6.5	40.6	0.0	3.8	30.4	1.5	5.9	5.5

[1] The sample of banks is not consistent over the two-year period (Group 1 includes 102 banks in H1 2011 and H2 2011, 101 banks in H1 2012 and H2 2012, 102 banks in H1 2013 and in H2 2013 and 98 in H1 2014 and H2 2014; Group 2 includes 109 banks in H1 2011, 107 in H2 2011, 104 in H1 2012, 115 in H2 2012, 118 in H1 2013, 113 in H2 2013, 114 in H1 2014 and 108 in H2 2014).

Source: Basel Committee on Banking Supervision.

Level of capital after full phasing in of Basel III

In billions of euros, consistent sample of banks, exchange rates as of 31 December 2014[1] Table A.8

	Group 1 banks			Of which: G-SIBs			Group 2 banks		
	CET 1	Add. Tier 1	Tier 2	CET 1	Add. Tier 1	Tier 2	CET 1	Add. Tier 1	Tier 2
H1 2011	2,029	80	366	1,308	71	264	134	7	32
H2 2011	2,149	72	363	1,383	61	256	136	8	32
H1 2012	2,340	66	329	1,511	55	232	142	12	26
H2 2012	2,470	62	346	1,585	48	239	142	9	24
H1 2013	2,591	64	379	1,661	49	268	144	10	26
H2 2013	2,774	81	389	1,786	64	255	164	10	28
H1 2014	2,946	124	382	1,889	99	239	186	5	29
H2 2014	3,081	169	433	1,977	141	281	189	5	24

[1] Group 1 includes 92 banks, G-SIB includes 30 banks and Group 2 includes 75 banks.

Source: Basel Committee on Banking Supervision.

Profits, dividends and CET1 capital raised

In billions of euros, consistent sample of banks, exchange rates as of 31 December 2014[1] Table A.9

	Group 1 banks			Of which: G-SIBs			Group 2 banks		
	Profit after tax	Common share dividend	CET1 raised	Profit after tax	Common share dividend	CET1 raised	Profit after tax	Common share dividend	CET1 raised
H1 2011	141.7	58.2	36.0	84.3	34.4	13.4	7.5	1.6	5.5
H2 2011	112.0	32.1	25.5	71.8	9.4	15.4	1.5	1.6	7.2
H1 2012	134.9	59.4	28.3	79.3	32.9	20.3	5.6	1.6	1.6
H2 2012	163.6	28.5	29.6	88.9	12.9	14.6	2.0	1.6	5.2
H1 2013	168.6	76.9	25.7	102.3	45.0	13.3	4.9	1.8	1.0
H2 2013	137.7	28.3	31.6	72.2	11.2	14.5	4.3	1.6	2.4
H1 2014	152.1	86.0	33.4	82.4	52.4	18.3	8.9	2.1	5.3
H2 2014	185.5	42.5	19.4	104.1	17.9	8.3	5.5	1.7	6.2

[1] Group 1 includes 91 banks, G-SIB includes 29 banks and Group 2 includes 74 banks.

Source: Basel Committee on Banking Supervision.

Structure of regulatory capital under transitional Basel III rules[1]

In per cent, consistent sample of banks Table A.10

	Group 1 banks			Of which: G-SIBs			Group 2 banks		
	CET1	Add. Tier 1	Tier 2	CET1	Add. Tier 1	Tier 2	CET1	Add. Tier 1	Tier 2
H1 2011	71.8	9.3	18.9	69.4	11.7	18.8	71.6	6.5	21.9
H2 2011	73.0	8.9	18.1	70.8	11.3	17.8	73.6	5.7	20.6
H1 2012	75.0	7.9	17.0	73.5	10.3	16.3	75.4	4.1	20.5
H2 2012	75.3	7.4	17.3	74.2	9.7	16.1	75.3	3.9	20.7
H1 2013	75.0	7.1	17.9	75.4	7.7	16.8	76.2	3.6	20.2
H2 2013	75.7	6.8	17.5	75.9	7.5	16.7	76.7	3.2	20.1
H1 2014	76.0	5.9	18.1	76.1	6.2	17.7	79.0	2.6	18.4
H2 2014	75.7	7.1	17.2	75.8	7.2	17.0	78.2	4.5	17.3

[1] Before the implementation of the Basel III framework, results have been calculated on the basis of the relevant national regulatory frameworks in place at the reporting dates. Any remainder represents Tier 3 capital.

Source: Basel Committee on Banking Supervision.

Structure of regulatory capital under fully phased-in Basel III

In per cent, consistent sample of banks | Table A.11

	Group 1 banks			Of which: G-SIBs			Group 2 banks		
	CET1	Add. Tier 1	Tier 2	CET1	Add. Tier 1	Tier 2	CET1	Add. Tier 1	Tier 2
H1 2011	82.4	3.2	14.4	80.1	4.3	15.6	78.0	3.8	18.2
H2 2011	83.5	2.8	13.7	81.7	3.6	14.7	77.8	4.4	17.8
H1 2012	85.8	2.4	11.8	84.3	3.1	12.7	79.9	6.2	13.9
H2 2012	86.2	2.1	11.7	85.1	2.5	12.4	81.7	5.0	13.3
H1 2013	85.6	2.1	12.3	84.3	2.4	13.3	80.3	5.4	14.3
H2 2013	85.6	2.4	12.0	85.0	2.9	12.0	81.1	5.0	13.9
H1 2014	85.2	3.6	11.2	84.8	4.4	10.8	84.5	2.3	13.2
H2 2014	83.7	4.6	11.8	82.4	5.9	11.7	86.5	2.5	11.0

Source: Basel Committee on Banking Supervision.

CET1 regulatory adjustments

Group 1 banks, in per cent of CET1 capital prior to adjustments | Table A.12

	Number of banks	Goodwill	Intangibles	DTA[1]	Financials	DTA above threshold	Excess above 15%[2]	Other[3]	Total
H1 2011	92	–15.2	–3.7	–3.3	–3.0	–1.8	–2.1	–3.0	–32.1
H2 2011	92	–13.9	–3.5	–2.8	–1.9	–1.6	–1.6	–3.7	–29.2
H1 2012	92	–13.2	–3.3	–2.5	–1.7	–1.1	–1.3	–3.4	–26.6
H2 2012	92	–12.3	–3.1	–2.6	–2.4	–1.2	–1.1	–2.8	–25.6
H1 2013	92	–11.9	–2.9	–2.7	–2.4	–1.0	–0.9	–2.1	–23.9
H2 2013	92	–11.2	–2.7	–2.4	–1.4	–0.5	–0.4	–1.5	–20.0
H1 2014	92	–10.7	–2.6	–2.2	–1.3	–0.4	–0.1	–1.4	–18.8
H2 2014	92	–10.3	–2.5	–2.0	–0.9	–0.4	–0.2	–1.5	–18.2

[1] DTAs are the deferred tax assets that are deducted in full under Basel III (ie they exclude DTAs that are related to temporary differences, which are only deducted when they exceed a threshold). [2] Excess above 15% pertains to significant investments in the common shares of unconsolidated financial institutions, mortgage servicing rights, and DTAs due to timing differences that do not separately exceed the 10% category thresholds but in the aggregate exceed the 15% basket threshold. [3] Other includes adjustments related to investment in own shares, shortfall of provisions to expected losses, cash flow hedge reserves, cumulative changes in fair value due to changes in own credit risk, net pension fund assets, securitisation gains on sale, mortgage servicing rights and deductions from additional Tier 1 capital to the extent they exceed a bank's additional Tier 1 capital.

CET1 regulatory adjustments

Group 2 banks, in per cent of CET1 capital prior to adjustments — Table A.13

	Number of banks	Goodwill	Intangibles	DTA[1]	Financials	DTA above threshold	Excess above 15%[2]	Other[3]	Total
H1 2011	75	–13.7	–3.4	–0.5	–4.2	–3.7	–1.9	–4.2	–31.5
H2 2011	75	–8.6	–3.2	–0.6	–4.5	–1.8	–1.2	–4.2	–24.2
H1 2012	75	–7.9	–2.9	–0.5	–4.4	–2.0	–1.2	–4.3	–23.1
H2 2012	75	–7.2	–2.9	–0.9	–4.7	–2.0	–1.0	–4.3	–22.9
H1 2013	75	–7.0	–2.8	–1.3	–4.9	–1.5	–1.2	–4.7	–23.3
H2 2013	75	–5.7	–2.9	–1.0	–4.2	–0.4	–0.8	–4.9	–19.8
H1 2014	75	–5.0	–2.7	–0.8	–3.0	0.0	–0.5	–4.1	–16.1
H2 2014	75	–4.0	–2.8	–1.1	–3.3	–0.3	–0.5	–2.5	–14.6

[1] DTAs are the deferred tax assets that are deducted in full under Basel III (ie they exclude DTAs that are related to temporary differences, which are only deducted when they exceed a threshold). [2] Excess above 15% pertains to significant investments in the common shares of unconsolidated financial institutions, mortgage servicing rights and DTAs due to timing differences that do not separately exceed the 10% category thresholds but in the aggregate exceed the 15% basket threshold. [3] Other includes adjustments related to investment in own shares, shortfall of provisions to expected losses, cash flow hedge reserves, cumulative changes in fair value due to changes in own credit risk, net pension fund assets, securitisation gains on sale, mortgage servicing rights and deductions from additional Tier 1 capital to the extent they exceed a bank's additional Tier 1 capital.

Transitional and fully phased-in Basel III Tier 1 leverage ratios

In per cent — Table A.14

	Group 1 banks		Of which: G-SIBs		Group 2 banks	
	Transitional	Fully phased-in	Transitional	Fully phased-in	Transitional	Fully phased-in
Max	14.3	14.3	7.8	7.8	20.6	20.7
75th percentile	6.9	6.3	5.6	5.4	7.9	7.6
Median	5.4	4.9	4.9	4.5	5.9	5.9
25th percentile	4.4	3.9	4.3	3.6	4.2	4.0
Min	3.5	2.8	3.5	2.9	1.3	1.3
Weighted average	5.5	5.0	5.3	4.9	5.6	5.3

Source: Basel Committee on Banking Supervision.

Fully phased-in Basel III Tier 1 leverage ratios

Consistent sample of banks, in per cent — Table A.15

	Group 1 banks	Of which: G-SIBs	Group 2 banks
H1 2011	3.4	3.2	3.7
H2 2011	3.5	3.3	3.7
H1 2012	3.7	3.5	3.9
H2 2012	3.7	3.5	3.7
H1 2013	3.7	3.5	3.7
H2 2013	4.0	3.7	3.9
H1 2014	4.7	4.5	4.9
H2 2014	5.0	4.9	5.0

Source: Basel Committee on Banking Supervision.

Tier 1 capital, risk-weighted assets, leverage ratio exposure and accounting total assets

Consistent sample of banks, exchange rates as of 31 December 2014 — Table A.16

	H1 2011	H2 2011	H1 2012	H2 2012	H1 2013	H2 2013	H1 2014	H2 2014
Group 1 banks								
Tier 1 capital	100.0	105.3	114.0	120.0	125.9	135.3	145.5	154.0
Risk-weighted assets	100.0	98.7	97.2	95.3	96.8	96.4	96.5	98.1
Leverage total exposure	100.0	102.7	106.3	110.7	108.5	104.7	107.4	107.0
Accounting total assets	100.0	103.0	106.9	105.9	106.8	105.3	109.4	111.7
Of which: G-SIBs								
Tier 1 capital	100.0	104.7	113.5	118.4	124.0	134.1	144.2	153.5
Risk-weighted assets	100.0	97.0	94.3	90.8	91.2	89.9	90.7	91.6
Leverage total exposure	100.0	102.6	105.7	110.1	103.7	103.1	104.5	103.7
Accounting total assets	100.0	103.0	106.1	104.3	104.3	101.6	104.9	107.4
Group 2 banks								
Tier 1 capital	100.0	102.3	109.3	107.7	109.6	123.5	135.6	138.2
Risk-weighted assets	100.0	101.7	99.8	100.1	100.1	97.9	97.7	96.3
Leverage total exposure	100.0	103.2	105.5	106.8	102.7	99.7	101.3	100.8
Accounting total assets	100.0	103.2	104.7	104.7	105.7	103.2	104.9	105.6

H1 2011 = 100.

Source: Basel Committee on Banking Supervision.

Liquidity coverage ratio and net stable funding ratio

In per cent

Table A.17

	Liquidity coverage ratio			Net stable funding ratio		
	Group 1 banks	Of which: G-SIBs	Group 2 banks	Group 1 banks	Of which: G-SIBs	Group 2 banks
Max	400.0	156.6	400.0	167.5	147.4	197.5
75th percentile	143.4	131.7	224.4	117.1	113.2	135.7
Median	123.4	124.8	144.9	108.1	107.4	116.7
25th percentile	108.6	119.6	102.2	100.4	100.6	106.0
Min	54.8	103.1	21.9	78.9	78.9	34.3
Weighted average	125.3	126.8	143.7	111.2	111.8	113.8

Source: Basel Committee on Banking Supervision.

Comparison of pool of high-quality liquid assets to outflows and cap

All banks, in billions of euros

Table A.18

Total liquid assets and inflows	
Level 1 assets	8,994.2
Level 2A assets (post-factor)	967.6
Level 2B assets (post-factor)	200.0
Inflows (post-factor, after cap)	3,436.1
Total	13,597.9
Outflows and impact of cap	
Outflows (post-factor)	11,541.7
Cap on Level 2 assets	4.5
Cap on Level 2B assets	2.3
Total	11,548.4

Source: Basel Committee on Banking Supervision.

Aggregate available stable funding (ASF) by funding type

All banks, in trillions of euros — Table A.19

	Unweighted ASF	Weighted ASF
Capital	4.9	4.9
Retail deposits	18.4	16.9
Unsecured – operational	5.6	2.8
Unsecured – non-operational	16.6	7.5
Secured borrowing	6.7	2.2
Other liabilities	7.2	1.8
Total	59.5	36.2

Source: Basel Committee on Banking Supervision.

Aggregate required stable funding (RSF) by category

All banks, in trillions of euros — Table A.20

	Unweighted RSF	Weighted RSF
Cash and central banks reserves	5.3	0.0
Loans to financial institutions	6.7	2.2
HQLA	9.1	1.3
All residential mortgages	6.8	4.9
Loans, < 1 year	7.4	3.7
Other loans, > 1 year, risk weight ≤ 35%	1.6	1.1
Loans, risk weights > 35%	10.8	9.1
Derivative	2.0	1.0
All other assets	10.6	8.9
Off-balance sheet		0.4
Total	60.4	32.5

Table revised on 21 September 2015.

Source: Basel Committee on Banking Supervision.

Previous monitoring reports published by the Basel Committee

Results of the comprehensive quantitative impact study, December 2010, www.bis.org/publ/bcbs186.htm.

Results of the Basel III monitoring exercise as of 30 June 2011, April 2012, www.bis.org/publ/bcbs217.htm.

Results of the Basel III monitoring exercise as of 31 December 2011, September 2012, www.bis.org/publ/bcbs231.htm.

Results of the Basel III monitoring exercise as of 30 June 2012, March 2013, www.bis.org/publ/bcbs243.htm.

Basel III monitoring report, September 2013, www.bis.org/publ/bcbs262.htm.

Basel III monitoring report, March 2014, www.bis.org/publ/bcbs278.htm.

Basel III monitoring report, September 2014, www.bis.org/publ/bcbs289.htm.

Basel III monitoring report, March 2015, www.bis.org/bcbs/publ/d312.htm.

Basel III phase-in arrangements

Basel III phase-in arrangements

Shading indicates transition periods – all dates are as of 1 January.

	2015	2016	2017	2018	As of 2019
Leverage ratio	Parallel run until 1 Jan 2017 Disclosure started 1 Jan 2015			Migration to Pillar 1	
Minimum CET1 ratio	4.5%	4.5%	4.5%	4.5%	4.5%
Capital conservation buffer		0.625%	1.25%	1.875%	2.50%
G-SIB surcharge		Phase-in			1.0%–2.5%
Minimum common equity plus capital conservation buffer	4.5%	5.125%	5.75%	6.375%	7.0%
Phase-in of deductions from CET1 (including amounts exceeding the limit for DTAs, MSRs and financials)	40%	60%	80%	100%	100%
Minimum Tier 1 capital	6.0%	6.0%	6.0%	6.0%	6.0%
Minimum total capital	8.0%	8.0%	8.0%	8.0%	8.0%
Minimum total capital plus capital conservation buffer	8.0%	8.625%	9.25%	9.875%	10.5%
Capital instruments that no longer qualify as Tier 1 capital or Tier 2 capital	Phased out over 10 year horizon beginning 2013				
Liquidity coverage ratio	60%	70%	80%	90%	100%
Net stable funding ratio				Introduce minimum standard	